





OVERSEAS NEWS

Chances of finding live mine dwindle

BY TONY WALKER IN CAIRO

MILITARY EXPERTS in Cairo say the delay in beginning the search for explosive devices in the Gulf of Suez has decreased the chances of discovering an active mine.

alter the first explosion hit a Russian ship on July 9 before making a formal request for assistance from Britain, the U.S. and France. Ships from these countries are only now beginning their search for mines.

Saudi Arabia plans to expand arms industry

BY KATHY EVANS IN ABU DHABI

SAUDI ARABIA is to expand its arms industries, Prince Sultan bin Abdul Aziz, the kingdom's Defence Minister, said in an interview with a local military publication.

King Fahd is due to inaugurate the Jeddah base today. The expansion plan for the navy predates the onset of the Iran-Iraq war, emphasised the minister.

Lee Kuan Yew deputies ask to stand down

By Chris Sherwell in Singapore

SINGAPORE'S two deputy prime ministers have unexpectedly asked to stand down as candidates in the next general election, expected before the end of this year.

Rama Rao to stage Delhi protest

BY K. K. SHARMA IN NEW DELHI

A SHOWDOWN between Prime Minister Indira Gandhi and Mr N. T. Rama Rao, the dismissed Chief Minister of the south Indian state of Andhra Pradesh, is expected today when the latter is to make an unprecedented airift of his supporters in the state legislature to New Delhi.

Lee Kuan Yew deputies ask to stand down

The two — Mr Goh Keng Swee and Mr S. S. Natarajaratnam — are regarded as the most powerful and influential men in the island city state after Mr Lee Kuan Yew, the Prime Minister.

Israeli close crossing point

BY ALAN FRIEDMAN IN MILAN

ITALY suffered a trade deficit of L1,109bn (£43bn) in the first six months of 1984, a figure almost equal to the country's trade deficit for the whole of last year.

Israeli close crossing point

BY ALAN FRIEDMAN IN MILAN

ISRAEL IS closing the only crossing point between the occupied southern third of Lebanon and the rest of the country for three days, David Lennon reports from Tel Aviv.

Little hope for new gas suppliers

By Ian Hargreaves

WESTERN EUROPE will not need to import gas from Nigeria, Cameroon and Qatar this century, even though demand is expected to increase by 1.5 per cent a year.

VCR parts maker may choose UK

BY JUREK MARTIN IN TOKYO

ALPS ELECTRIC, a leading Japanese manufacturer of electronic components, is considering establishing a video cassette recorder (VCR) parts factory in Britain.

UK NEWS

Walesa in talks with other leading dissidents

By Leslie Collett in Gdansk

MR LECH WALESA, a leader of the Solidarity trade union, has started talks with leading dissidents released from jail earlier this month in an amnesty of political prisoners.

NCB confident that more miners will drift back to pits

BY JOHN LLOYD, INDUSTRIAL EDITOR

NATIONAL COAL BOARD (NCB) officials and working miners groups in a number of areas are confident that the steady trickle of miners reporting back to work will increase this week and further.

Unions set for attack on labour legislation

THE GOVERNMENT'S legislation on employment and trade unions, and its attitude towards the labour movement in general, will provide one of the main debates at the Trades Union Congress (TUC) annual meeting which will open early next month in Brighton.

Thatcher faces fresh pressure over Belgrano

BY MARGARET VAN HATTEN

THE GOVERNMENT seems certain to come under renewed pressure over the circumstances that led to the sinking of the Argentine cruiser, the Belgrano, during the Falklands war, with the loss of 388 lives.

Thatcher faces fresh pressure over Belgrano

BY MARGARET VAN HATTEN

IT is, however, almost certain to be taken up by the all-party House of Commons select committee on foreign affairs when parliament resumes sittings in November.

Sonatrach stops loan payment

By Francis Giltis

THE Algerian state oil and gas monopoly, Sonatrach, has suspended repayment of a \$150m loan it received from the Spanish state gas company, Enagas, in 1975.

Debt burden hits Iranian business

BY TERRY FOVEY

IRAN is still struggling with trade debts of \$8bn and although some diplomats in Tehran say that there has been an easing of the tight import restrictions imposed in February, UK companies dealing with the Islamic republic report that little new business is being done.

French agree oil deal with Iraq

FRANCE'S two major oil companies have renewed an 80,000 barrels a day oil supply contract with Iraq which expired on June 30 when the two sides failed to agree on terms of renewal, Reuters reports from Paris.

U.S. may seek more bilateral deals to curb steel imports

BY NANCY DUNNE IN WASHINGTON

THE U.S. Commerce Department is strongly pushing a plan which divides the American steel imports market among traditional and new exporters in a series of formal and informal trade arrangements.

China exports fear over planned textile curbs

BY ANTHONY MORETON, TEXTILES CORRESPONDENT

AN influential group of Communist Party officials in Washington have written to President Reagan in protest at his decision to introduce tighter rules on imports of clothes from low-cost suppliers, many in the Far East.

French agree oil deal with Iraq

FRANCE'S two major oil companies have renewed an 80,000 barrels a day oil supply contract with Iraq which expired on June 30 when the two sides failed to agree on terms of renewal, Reuters reports from Paris.

Causeway contract

BALLAST Nedam, the Dutch-based contracting group which is building the Saudi-Bahrain causeway at a cost of \$54m, has been awarded an additional contract worth \$8m for construction of the border posts on two artificial islands halfway across, Mary Frings reports from Bahrain.

World Economic Indicators

Table with columns for Industrial Production (1975=100) for various countries (US, UK, West Germany, Belgium, France, Italy, Netherlands, Japan) from June '84 to June '83, showing percentage change over previous year.

Shipping Report

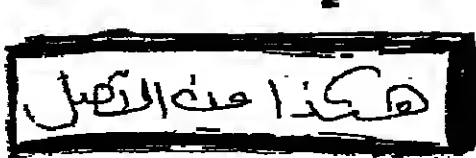
Brokers call for tanker lay-ups. THE depression in business for scrap as the only way to improve the situation. But E. A. Gibson Shipbrokers show how reluctant owners are to take extreme measures, recording only 12m dwt of the world's fleet scrapped this year compared with 30m dwt in the same period of 1983.

World Economic Indicators

Table with columns for Industrial Production (1975=100) for various countries (US, UK, West Germany, Belgium, France, Italy, Netherlands, Japan) from June '84 to June '83, showing percentage change over previous year.

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# MANAGEMENT

## Arab corporate style

### A tight hold on the reins

MOST top managers of western companies try to delegate day-to-day detail. In the Arab world it has always been the reverse: in many companies the top man not only tends to initiate all new projects, authorize all expenditure and sign all cheques, he has every minor decision referred to him.

MOHAMMAD HINDI, general manager of Ahmed Hamad Algosabi and Brothers, was interrupted three times during an interview with me for this book. First a rather nervous Indian mechanic came in to tell the interviewee about a job in the company's garage. Fifteen minutes later the conversation was broken off for half an hour when a New York courier arrived to make a pitch for having their carpets fitted in the Algosabi Hotel, which was then undergoing one of its periodic refurbishments.

### Borrowing shameful

Sometimes managers will be given the funds they need for several different purposes, such as salaries, rents and materials, which means that when they go to the bank and ask their bank managers for these to be increased as and when required, but the conventional merchant companies have traditionally been rather cautious in borrowing money. There is still a feeling among the older and middle-aged generations of merchants that borrowing is slightly shameful.

The obvious solution to these problems, apart from permitting separate departmental bank accounts, would be for the merchants to arrange overdraft facilities and ask their bank managers for these to be increased as and when required, but the conventional merchant companies have traditionally been rather cautious in borrowing money. There is still a feeling among the older and middle-aged generations of merchants that borrowing is slightly shameful.

Since the mid-1970s the merchants have been under slowly increasing pressure to change the way they run their businesses. As the boom years have passed, the growth rates of all parts of the Arabian market have slackened. In the most modern-minded companies owners and managers are for the first time trying to work out serious strategies for their companies' development over five or 10

of Arabia," published by John Murray, Michael Field examines the origins of this practice, the reasons why it still persists widely in the face of growing pressures to professionalise management structures, and the implications for westerners doing business with such organisations. The article below is extracted from his chapter on The Family Corporation.

Only a few families have resolutely and definitely crossed the watershed. Every one of them has incurred large extra costs and a drop in profits.

Most of the big merchant companies are developing specialist contracting and service companies. These embrace such activities as oil rig maintenance, rock blasting and construction camp catering. The merchants have decided that as the regional economy expands it is becoming economic for them to market sophisticated services locally, partly with a view to turning to companies based in Europe or America.

The same logic, on a bigger scale, lies behind the merchant's investment in industrial ventures. These involve their turning into manufacturers of the products they sell.

All of the recent developments have pushed the merchants' business towards a watershed. The diversifications have called for specialist management knowledge and a grasp of the engineering involved.

### Common complaint

Several companies are now making great efforts to recruit Arab graduates. Alghanim has called its scheme a College Management Development Programme. Apart from simply trying to encourage Arabs who have already graduated to join the firm, it undertakes every year to finance 10 non-Kuwaiti Arabs at American universities.

Both the successful family firm and the bigger company will find that crossing the watershed involves a big increase in the scale of their management. They have had to decentralise, employ many more staff, and open a large number of new departments. Most of these involve service functions, such as personnel and market research, which do not directly yield income.

In a family firm the whole style of management has to change. Relations between owners and staff become more distant and impersonal.

## Management abstracts

Means of Communication. Which Office System? (UK), April 1984.

Notes that electronic communications systems are developing so fast as to frighten off many potential users, and suggests that they may prefer to adopt more conservative methods; describes the use of telex in UK and Europe and discusses the impact of facsimile transmission with a list of suppliers.

Computer Graphics for Financial Management. E. A. Benson in Management Accounting (USA), January 1984.

Suggests that graphics have become an essential medium for the dissemination of financial information and relates the experience of Johnson & Johnson (pharmaceuticals) in choosing and using graphics equipment. Admits that the costs may be high but the aid to good decision-making immeasurable.

Power and Organisation Life Cycles. H. Mintzberg in the Academy of Management Review (U.S.), April 1984.

Explores theories and models of how organisations develop and survive, indicating that over time, power systems tend to become more complex, diffuse and ambiguous. Suggests that many large organisations are sustained by artificial or political means which monopolise the resources needed to create new and more dynamic bodies, able to respond more readily to contemporary society.

The influence of the physical environment in office. T. R. V. Davis in the Academy of Management Review (U.S.), April 1984.

Examines the influences which build up office culture (physical structure), incoming mail, telephone calls, tobacco smoke (physical stimuli), and office design, colour, and types of furniture (symbolic artifacts) have on behaviour at work. Argues that although views about the physical environment within offices are widely shared and discussed, they do not receive the management attention they deserve.

These abstracts are condensed from the abstracting journals published by Adam Management Publications. Licensed copies of the original articles may be obtained at £3 each (including VAT and p+p; cash with order) from Adam, PO Box 23, Wembley HA9 8DJ.

## Graduates who play hard to get can be put off by old boy network

BY ANNA HEALY FENTON

A LEADING British merchant bank offered jobs to seven Oxford graduates this year. Six of them turned it down. It was astonished.

So much for the theory that, with unemployment so high, the employer has an unrestricted choice of new staff.

On the evidence of this year's Oxford "milkround", as the annual graduate recruitment drive is known, not even merchant banks and stockbrokers, which once had the pick of the crop—can rely on attracting what they would consider to be the best candidates. The 1984 set of graduates has been more attracted by management consultancy, American banking and the Civil Service.

The reasons why undergraduates accept or reject jobs are

### 'The City is changing but it is still a club'

legion. Money has something to do with it. This year management consultants begin on approximately £11,500, merchant bankers on about £7,500 and accountants at around £5,500. As one graduate put it: "As a management consultant I feel I will be paid what I'm worth."

But some employers may over-estimate the greed of graduates. One management consultancy offered several candidates £1,000 in advance on salary for "moving expenses." It gave another an "exploding offer" and told him to name his price. Such tactics sometimes succeeded but they often backfired. One candidate said: "Once I knew they wanted me that badly it was no challenge."

Many people were put off applying to stockbrokers and merchant banks by their reputation for employing public school people. "I wanted to be employed on merit, not on whom I know. At one merchant bank interviewers were giving masonic handshakes. The interview had nothing to do with banking; they were just assessing whether you fit in socially."

Stonians have the best chance; they know the rules. You may have a good CV but if you went to the wrong school, forget it," one graduate complained.

Not every old-Etonian appreciates such preferment. One had offers from merchant banks but was put off by the old boy network. "I prefer to work in a meritocracy," he said.

"The City is changing," said one graduate who is going to be a stockbroker, "but it is still a club. Contacts and the right background are important. I was asked by merchant banks who my friends were and what I thought of the other applicants. A lot of institutions will have to change their image or the American banks will leave them behind."

Many graduates stressed the importance of a formal training such as that provided by American banks and management consultants, which could lead to a further qualification. On-the-job training given by merchant banks and stockbrokers was not considered to be sufficient.

One graduate who opted for management consultancy explained: "I want to keep my options open. Where I am going I will get a chance to do an MBA and work anywhere in the world, in any business."

Often the reasons for turning down a job offer were specific, and related more to the individual employer than the money, the training, or the job itself. The image and style of the firm were very important.

Some firms, especially Warburgs and Samuel Montagu, held impressive presentations and sent senior employees who spoke enthusiastically and interestingly about their jobs. Others, however, had made little effort.

First impressions acquired at the presentation rarely proved to be wrong. The American banks were pushy and many had

an aggressive interviewing style; one girl was accused of being a "lying little toad."

"The atmosphere in the office and the people you have to work with are very important," said one candidate. "Two merchant banks refused to show me around the offices for 'security reasons.' What's the point of that? I couldn't even see where I would be working."

Another cause for complaint was the reluctance of some firms to pay expenses. Since second interviews in London involve a day away from Oxford, people expected to be reimbursed.

Many employers were generous, taking short-listed candidates out for expensive meals. One graduate confessed: "Once it had reached the stage

### 'Civil Service application was most challenging'

of me interviewing them because I knew they wanted me badly, I enjoyed myself. I knew I was not going to accept the offer. I played them along for the free meals."

Among the most sought after candidates, such confidence was common. One who turned down many offers in favour of the Civil Service commented: "I had so many offers and was fed up with soul-searching phone calls demanding to know why I had rejected them. In the end I took the Civil Service because its difficult application procedure was the most challenging and therefore the most prestigious."

One graduate who chose merchant banking summed up: "I liked the people I already knew there, I liked the people I had to work with and I respected the people I would have to work under. I liked the office and the atmosphere. Everything else was secondary."

A conclusion reached by many people was that financial institutions recruit in their own image. As someone put it: "They get the people they deserve, though not always the best."

# TECHNOLOGY

## BURMAH CASTROL CLAIMS LEADERSHIP IN UNIVERSAL LUBRICANTS

### Oil that reaches all vehicle parts

BY ALAN CANE

THE DEVELOPMENT of multi-grade motor oils took the anxiety out of engine lubrication for the ordinary motorist. Now Burmah Castrol reckons to have solved the same problem for the construction industry.

It claims to be the leader in the development of multifunctional oils for off-highway plants, oils which can be used not only to lubricate engines and transmissions of the kind of machinery used in excavation and construction but also hydraulic systems and portable rotary compressors.

To be fair, other major oil companies think that Burmah Castrol has made as much of a marketing as a technological breakthrough, but those opinions cut little ice with Mr Michael Wright, Burmah Castrol's technical manager (Castrol motor): "I believe we are the only major oil company in the world to have done this."

Now Burmah is the largest independent lubricants marketing organisation in the world, the company which controls the famous "Liqui" Engineering to promote its GTX retail motor oil, but its claims for its multifunctional oil, Multiplant, are backed up by more than three years of practical experience.



More than three years' testing has gone into the development of Multiplant—an engine lubricant for all types of vehicles, used on construction and excavation sites

"With one basic oil there is no question of using the wrong one."

Sir Robert McAlpine and Sons, for example, has used Multiplant throughout the company for two years; its chief mechanical engineer Mr Eric Mabbis said: "The great advances that have been made in recent years in lubrication technology coupled with the extensive trials that Castrol itself carried out, gave us sufficient confidence to go ahead with Multiplant as a universal oil with many potential, practical and financial savings."

What McAlpine was getting, however, was not primarily better performance from his lubricant; it was getting peace of mind.

Mr Wright says: "The one thing the plant people would like to have is the site as free

from accidental damage as possible. In 1977, for example, McAlpine was using about 24 different blends of oil in its earth moving equipment—special hydraulic oils, crankcase oils, transmission oils and gear oils.

By 1983 it was using only one—Multiplant—together with a number of specialist oils. Multiplant is not recommended for two stroke petrol and Detroit Diesel units, for example.

Mr Mabbis comments: "With one basic oil, there is no question of using the wrong one, the administrative and site storage problems have been eased dramatically and the right oil is always at hand. That must make the maintenance of plant in the field that much easier and more certain."

The layman, however, used to topping up with GTX or another competitive multigrade oil at his local garage, must wonder what all the fuss is about. Why should the development of a multigrade oil for off-highway plant be considered a techno-

logical breakthrough? The answer lies in the breadth of capabilities built into Multiplant.

To operate successfully in the hot interior of a compressor, it must resist oxidation. To perform safely in a hydraulic system it must resist foaming and to function effectively in a transmission it must have a high load carrying capacity.

So Burmah Castrol needed three attributes to start the search for its multifunctional oil: nerve, technology and the manufacturing ability.

Mr Wright argues that the company has an unusually close relationship with its customers which gave it the confidence to start the three year research programme which led to Multiplant: "We have good feedback and we know what our customers actually want."

Technologically the oil is very complex. The base stock is a 10w30 mineral-based oil with a viscosity index improver and a range of special additives. Mr Wright is understandably reluctant to say exactly what these additives are but agrees

that several are novel. Conventionally, an oil-maker would add polymethacrylate as a viscosity index improver, zinc alkyl-dithiophosphates to improve load-carrying capacity and reduce oxidation, together with succinimides to prevent agglomeration of wear debris and metal phenates or sulphonates to keep the engine clean.

Silicone is added to cut foaming and polymethacrylates are added to keep the oil flowing when cold. Just which additives Burmah Castrol is using and how it is blending them into the base stock is all part of the alchemy of the oil business. But Mr Wright rejects the idea that it develops new oils in any haphazard fashion: "First, we design the shape of the oil, then we build in the chosen performance. In the case of Multiplant, it was important to ensure that no single component in the oil derailed any other component."

Multiplant is more expensive than the dedicated oils it replaces, but site operators like McAlpine reckon it is worth it in terms of peace of mind.

## MOBILE RADIO

### Personal way with communications

BY GEOFFREY CHARLISH

MR ALEX POLIAKOFF, president of Multitone, Britain's leading manufacturer of radio paging equipment, thinks there is growing public confusion about personal communications following the introduction of cordless telephones and the announcement that cellular radio, due to start next year.

The cordless telephone, which can be bought in shops, is a portable on-site radio extension to the fixed telephone with a range of perhaps 100 metres. Phone calls can be made from the pool-side or somewhere down the garden, but that is the limit.

Cellular radio on the other hand, is a nationwide system in which anyone in a vehicle or on foot, equipped with a suitable transmitter/receiver, can dial into the wired public telephone network and receive calls from it, regardless of location.

Paging, the forte of Mr Poliakoff's company, is still basically a means of telling people, via a series of "beeps" perhaps with a visual display, that they must carry out a specific action, such as phoning the office. The BT paging service now covers all but a few areas of the UK.

Alex Poliakoff thinks some strange ideas are being promoted about some of the products. For example, the idea that the ordinary wired telephone instrument will disappear in favour of the cordless instrument is, he claims, "pure fantasy."

Because radio equipment is involved says Poliakoff, cordless phones will always cost more than wired ones and must be less economic for business use. He points out that most business conversations are quite long, so that a battery of the size likely to be found in portable equipment will go flat too quickly, resulting in repetitive and irritating battery changing.

The alternative is larger batteries resulting in even bulkier equipment (the objects that current portable radios are not, as often claimed, "pocketable"). Any reduction of power output to cut consumption and battery

size simply reduces the range (claims for which have also been exaggerated).

He thinks users should be careful to distinguish between on-site and general public communications. Public cellular radio hand portables need one wait to communicate with the cell centre reliably. However, a radio pager with talkback can do it with 10 milliwatts (thousandths of a watt). This permits small batteries that will last a reasonable time, in a truly pocketable pager.

Not unreasonably, Multitone, at present in a somewhat defensive mood, is pushing for a future that will contain an acceptable number of radio pagers.

The trouble with pagers at the moment is that the user has limited talkback facilities. At Gatwick Airport for example, a user who is "bleeped" can talk back to "base" but cannot initiate a call from his instrument direct.

What Mr Poliakoff wants is an allocation of frequencies, probably from Band 1 (41 to 48 MHz) to allow pagers to have push-button dialling pads. Then, a wearer can dial from anywhere on site, via the PABX to get virtually any telephone number in the world.

The pager need have only low transmitter power since it will never be very far away from a base receiver, a number of which can be distributed round the site.

A good standard of service could be achieved with six channels says Mr Poliakoff, if one takes the typical PABX with 2,000 extensions, 200 of which are equipped with pagers. He says the UK radio regulatory authority (in the Department of Industry) is "sympathetic" to the idea.

Curiously enough, the Multitone president thinks that both cordless phones and cellular radio will produce a flip for the paging industry. Someone who has relatively expensive cellular radio in his car will not want to be kept waiting while the person he is trying to phone is tracked down within an organisation by the PABX operator. Paging remains the low cost answer to that.

## Semiconductors

### Japanese strides

FRESH warnings that the Japanese could be taking an untouchable lead in semiconductor packaging technology have come from BPA, a consultancy which was one of the first to point to the problems and potential of the "fourth electronic revolution."

Dr Maurice Sage, its managing director, points out: "In liquid crystal displays, which is expected to be the major display technology in portable computers, complex drive circuits are required."

"Utilising 100 pin plastic packages, advanced printed circuit boards and connector technology now gives the Japanese an enormous world advantage in this important product area."

The crucial point is that in many electronic devices, the way the silicon chips are packaged, that is, attached to all the other parts of the device, is critical. It determines or limits performance, cost and reliability.

Conventionally, the slivers of silicon which constitute micro-processor and memory chips have been embedded in ceramic or plastic cases equipped with metal legs. These legs are electrical connections between the terminals on the chip and holes in the printed circuit board on which the chip is mounted.

Now designers are moving to surface mounting technology which reduces board size and helps to cut prices.

Electronics components in the future will have to handle higher speeds, tougher thermal requirements, higher input/output pin counts, reduced interconnect and package geometries and new component forms.

Dr Sage says: "With growing heat problems, increased electrical performance requirements and lack of standardisation, a more integrated design approach between the chip, its package, the substrate, connector and other components is required. "No longer," he went on, "can the designer regard these simple extras."

"The West—and particularly Europe—has not yet made this major move towards designing on silicon largely due to lack of integrated circuit packages and associated components though many would say it is due to lack of innovative drive."

**Norwest Holst**  
Management contractors for the construction of the **International Garden Festival**

Telecoms  
**Credit checking**

IN FRANCE, Intelsatique, the marketing agency for telecommunications products, has announced a round-the-clock, on-line credit checking and loan approval service based on Teletel, the French cable-based videotelex (view-data) service.

Using a Minitel terminal, the low-cost unit now widely applied in France, retailers can check an applicant's credit rating, calculate monthly repayments and interest, and issue a loan contract in less than five minutes.

The service has already been installed in more than 2,000 shops throughout France by Cetelem, a subsidiary of the Compagnie Bancaire group.

Corrosion

**Offshore protection**

THE PROBLEMS of corrosion of offshore oil and gas installations and the methods of protection are to be discussed at a one day symposium at Lancaster University on September 20.

It is aimed at equipment manufacturers and engineers involved in the industry as well as users who have to operate and maintain offshore equipment. Further details from Norwest Offshore Expo Symposium on 0772 729788.



THE ARTS

National Portrait Gallery

Gillian Darley

Contemporary images

For a painter much given to self-portraiture, William Roberts seems to have had a curious little contact with himself as sitter. If that should sound a contradiction in terms, his self-portraits are a contradiction in themselves. In numerous images of himself, from the 1920s until the 1970s, he never quite meets his own eye—an odd state of affairs—and finds himself hardly changed. In fact, if it were not for a slight furrowing of the brow, and the donning of various hats, together with a purpling of face and silvering of hair—they could be painted over weeks rather than decades. In William Roberts: an Artist and his Family, a small exhibition at the National Portrait Gallery, until October 7, this unblinking gaze puts a disconcerting, almost glacial, end to any potential meeting between painter and onlooker.



William Roberts' self-portrait with his wife (above) and a detail from Suzi Malin's study of Elton John

That is not at all the case in the portraits of his wife—nor with the double portraits. These are still deeply private, but they do not exclude the rest of us entirely. Here beauty, resilience and a tangible force of character spring out of the same dry technique; it is the approach that has changed. These are portraits of a lover, whether in the 20s or in the 70s, it makes no difference. It is odd, and revealing, to see Roberts isolated as a portrait painter. My ancient Penguin edition of Orwell's 1984 (price 3/6d) has for the cover image, a turbulent, mechanistic crowd of the type of figure compositions that Roberts was best known for. They, like those frozen self-portraits, are for-hiding—and concur with the withdrawn man of later years. Those immensely warm portraits of his wife (as well as some rather stern ones of his only son) are a glimpse of Roberts which he rarely allowed others to have. After the Second World War, his man who had been with both the Omega studio (Roger Fry's circle) and then with the Vorticists and Wyndham Lewis, never wavered from his chosen and very individualistic direction. Until his death in 1980 he was the subject of much curiosity, but rarely seen or spoken to. There is no glitter in Robert's eye; this is an exhibition of a family intensely apart—and very intimate for that.

It is curiosity, rather than the search for art, that takes one into the new 20th century gallery at the National Portrait Gallery, until October 7, this unblinking gaze puts a disconcerting, almost glacial, end to any potential meeting between painter and onlooker. It is a case of a gallon into a pint pot; the designers have

struggled with an awkward and confused space, which seems to have been made more awkward still in the process, and fitted a vast number of images into it. This means that many of the best portraits—and this in terms of the portrayal of the character, rather than the quality of significance of the work—are skied up, with small groupings, displays shown in cabinets

The excess of material over space has been so great that these have been motorised; they swivel round, to the accompaniment of the lights switching on and off, and the effect is maddening. Just as you arrive, or more likely, the people in front blocking your view, move away, the wretched thing whips round and you have to wait three more turns. It is gallery-going played as snakes and ladders.

These are official views of eminent people—one man or woman, one image—and it would be enlightening to be able to see the artist at work (photograph, painting, drawing, sculpture) in question. Did Field Marshal Montgomery choose to be glorified in a sort of David Niven figure or Karl Mounsbatten have any hand in the portrayal of himself as a head, seven feet or more high? The choice of artist implies, within a degree of latitude, the likely approach.

Of course, some portraits here arrived by quite another route. The Bloomsbury Group spent much time gazing at one another and so their portraits tend to follow a circle, everyone who could paint everyone else. Then there are intimate images; Edwin Lutyens, caught out to dinner in a food study by his son Robert; or the pair of Barbara Hepworth and Ben Nicholson—then man and wife—by Nicholson. I wonder what the tourists make of it all?

And what of recent few years. Bryan Organ is front-runner in terms of quantity. There are handfuls of those dry, meticulous portraits—with the subject almost always slumped down at the bottom of the frame. It is all very polite and rather cold-blooded; a bit too British. I would rather have the upturn of a Ruskin Spear, Harold Wilson emerging through pipemoke, or the revolting image of Elton John against a gilded background, a repellent combination of ostrich feathers and chest hair, by Suzi Malin—in which you feel at least somebody concerned was having a good time.

It is nice to think of the painter and subject talking earnestly—that sittings should be convivial events. The lack of contact between Roberts the man and artist is one thing, a clue to his own personality in those art portraits in the Twentieth-Century Galleries it is a disturbing lack. Is it because film and photography now give us our famous men and women live, that their portraits in the conventional sense of the term, seem so dead?

Le nozze di Figaro/Albert Hall

Rodney Milnes

This year's first series at Glyndebourne saw one of the most evenly—and indeed strongly—cast Figaros within living memory, and with one exception it was reassembled for the Prom performance last Saturday in a jam-packed and deliciously appreciative Albert Hall. Rightly appreciative, too: the sterling qualities of the staged performances in June were faithfully preserved. The presentation of the best that Britain can offer operatically in, no, not elitist but necessarily exclusive circumstances to an unselective audience is a bright deed in a fairly murky world.

revelling—if that is not too extravagant a term for so respectable a musician—in a score that had been conducted for the first time earlier this year. Seldom have the musical responses seemed so fresh, so spontaneous—in a word, so joyful. The London Philharmonic, at their peak this summer, played like angels for him, making one catch one's breath anew at the human insights as well as the sheer beauty of the music.

Perhaps the absence of even such helpful decor as John Bury's also helped to concentrate the mind on the mercurial personal interchanges at the heart of Peter Hall's production. Admittedly, rightly, the comedy was more broadly played than at Glyndebourne,

but affectionately so, never facetiously. Claudio Desderi (his enunciation of his native tongue as ever a miracle of clarity and point) could clown his way through the preparations for Figaro's wedding, but instantly turn the atmosphere to one of lowering menace for "Io non impugno mai," the political climax, if you like, of the opera. Hailink's breakneck speed for "Aprite un po," the personal climax, remains for me the one miscalculation in his reading, but Desderi made the very most of it purely verbally.

Gianna Rolandi's witty, loving, vocally impeccable Susanna is another interpretation in a hundred, strongly projected here. Gabriele Fontana, the second series Countess, phrased

her arias extremely huskily, but there is a curious hollowness at the centre of her tones that makes her recitative cloudy (Miss Rolandi's initial Ezzau's glorious Chiarino and Mimi Lerner's uncommonly believable Marcellina (the aria more surely sung than at Glyndebourne).

Which raises the only cavil: someone should have told the writer of the programme notes that Basilio's and Marcellina's arias were to be included. There was much mystified rustling, and this audience deserves better.

Russia and Hungary/Edinburgh Festival

David Murray

Friday morning at the Queen's Hall was all Russian songs, Friday evening in the Usher Hall all Bartók; the audiences for both were seriously under par. Only a handful of Edinburgh's main musical events have had healthy advance sales. It is a waste.

The morning recital was given by the formidable Russian mezzo Irina Arkhipova, with Craig Sheppard at the piano. Mr Sheppard is becoming indispensable to visiting Russian singers. He was crisp, strong and imaginative with all the accompaniments, and he had the satisfaction of being able to play up full-bloodedly—Miss Arkhipova is never in any danger of being out-gunned. In Mussorgsky and in perverted Rakhmaninov she poured out tremendous tones, rich and laden with character.

This was, however, the Russian equivalent of a proper Lieder recital, not the sort of

potpourri more usually offered by Eastern operatic stars, and Miss Arkhipova displayed a remarkable expressive and executive range. She was cheerfully strident for Mussorgsky's Gopak, delicately muted (a lovely affecting timbre) for her gentler Rakhmaninov and Chalkovsky songs, brought a teasing lilt to the latter's Pimpinella serenade, made a succulent meal of a super-swift Glinka patter-song about a steamboat excursion. Her grande dame deportment was enlivened by pretty, pointed hand-gestures, and later she allowed herself some frank acting-out, dignified but passionate. A thorough artist, and obviously in happy musical rapport with her partner.

For the first half of the Royal Philharmonic's Bartók concert in the evening, one reflected gloomily that it was perhaps the Usher Hall has the best sound under-filled. Walter Weller rushed the orchestra brashly

through the Rumanian Folk Dances without nuances or even a respectable tonal balance, and in the eerie third dance Pe lo in the piccolo made nothing of one of the most rewarding solos in the repertoire. The Wooden Prince Suite, well chosen for the programme, sounded sumptuously bland, its sharper points never made astringent enough.

Perhaps the rehearsal time had gone on the one-act opera Duke Bluebeard's Castle, for after the interval Weller showed his mettle in a powerful, sweeping, immaculately prepared performance of that great and singular piece. For my taste (and by Bartók's elaborately precise markings) some passages were too rushed to carry their full bleak weight, but for dramatic urgency and fiery conviction the performance could hardly be bettered. I think the Usher Hall has the best orchestral acoustic in the country, and the sound was res-

plendent: like, vital strings, pungent woodwinds, the secret behind each successive Door brilliantly illustrated—and a blaze of brass and organ for the Fifth Door (the vision of Bluebeard's vast kingdom) as thrilling as any I've heard.

Bluebeard and his Judith were Dietrich Fischer-Dieskau and his wife Julia Varady: one will be forgiven for remarking that the difference in their ages answers perfectly to the connection of the characters. They sang in Hungarian, for which here there is no substitute, and everyone had free, bilingual complete texts by courtesy of the Glyndebourne Bank. Dieskau was of course magisterial, at once direct and immensely subtle; only the valedictory passage to each of his views was underpowered (too colloquially loose of rhythm). Mrs Varady's fascinating soprano both bright and dark, connected the two parts in an ideal Judith, and she used them to most intelligent purpose.

Rattle, NYO/Albert Hall

Dominic Gill

The most exciting National Youth Orchestra concert I can remember, conducted by Pierre Boulez nearly 10 years ago, offered one of the finest performances of Debussy's La Mer I have heard from any band, young or old, amateur or professional. Friday's concert, directed by Simon Rattle (an ex-NYO member himself) never reached quite such dazzling heights—but stirred vivid memories of them all the same by the freshness and clarity of its sound, and by that remarkable, almost palpable response which an orchestra of young professionals has to its conductor.

Their account of Debussy's Jeux seethed with life—the web of subtle counterpoints (especially the quietest and most commonly blundered) was brilliant, clear, every scene change incisive. Augmented to 148 players, they also gave the main work of the evening, Mahler's Sixth Symphony, with unusual cogency and ease of ensemble. It was a triumph, particularly brightly, chiefly because all played so smoothly and well.

Like many conductors Rattle feels the opening allegro

energetic of Mahler's Sixth rather fast; too fast, for my taste, to establish its grinding momentum effectively—and too fast certainly, if he had not chosen the un-Mahlerian alternative of placing the third movement andante second, to contrast authentically with the scherzo (the symphony's rightful second movement). But the andante itself was spun out with great tenderness and much elegant playing from the NYO's wind; and even so—psychologically, musically, dramatically—misplaced, the scherzo, like the finale, had splendid momentum, and just the right blend of lyrical breadth with hard-edged precision.

New conductor for Aldeburgh concert

Aldeburgh Foundation has announced that Erich Schmid will conduct the Britten-Pears Orchestra for its concert in Snape Maltings on Sunday, September 23. Originally the concert was to be conducted by Rudolf Schwarz but he has cancelled all engagements since the recent death of his wife.

Heart of Darkness/Latchmere

Martin Hoyle

The table is covered by a fringed cloth of red chenille. Disproportionately tall plants rise from the shallow Wedgwood tray. After the scene-setting prelude in civilisation a shaft of light cuts through the blackness to illumine the suddenly existing greenery. A sound is heard over the sound-track. On an aptly clammy evening in Battersea we are plunged into the jungle of Joseph Conrad's novel.

John Tordoff's retelling is a solo performance, not a one-man show. That is, he stays firmly in the character of the narrator-captain, and imitates the others only as the storyteller himself would, rather than trying for a virtuoso multiple characterisation.

Props include a lovely model steamboat produced from under the table which makes a clock-work progress towards the river's end. The scenic design, chalked on the stage floor. The back of a placard reveals the sketched portrait of the infamous Kurtz, the company employee gone mad on his isolated station upstream and his totem-like banishes memories of Marlon Brando.

For this is the plot that inspired Coppola's film. Apoca-

lypsis Now! Mr Tordoff's spare presentation pares away the world (except, dangerously, when he impersonates the dead Kurtz's mourning fiancée), and the story emerges as darker and potent on more levels than the novel.

The suffocating exploitation by Belgian colonialism that provided Conrad with the initial Congo experience is always present. This "rapacious and pitiless folly" is perpetuated by "mean and greedy phantoms." Treasure seekers are described as having "no more moral purpose than burglars breaking into the safe."

The show—adapted from the book by Mr Tordoff and Philip Cede—makes a powerful impact. Possibly Mr Tordoff starts too early on a note of plaintive intensity, and his skipper's recollections of the other Europeans evoke almost funny voices, from genteel Scots to the prissy Oxbridge tones of the Station Manager. These are minor reservations, however. The performance is an extraordinary tour de force. At the Latchmere until September 1, it tours Arts Centres throughout October. Keep an eye open for it.

American Musicals/Bloomsbury and Richmond

Martin Hoyle

The authors' concern for the right ambience explains why the tiny Orange Tree Theatre, above a Richmond pub, is staging the professional London premiere of Starting Here, Starting Now.

This is an after-dinner, possibly during-dinner, song-cycle from 1977. The successful American team of Richard Maltby (lyrics) and David Shire (music) produce neatly chiselled numbers. In Act I a thin story-line (one man loves two girls) casts wary glances at sexual attitudes: male egocentricity ("We can talk to each other"), sour grapes ("I don't remember Christmas—and I don't remember you"), and best of all, "I don't believe it" (clerical and Chinese, an upper-crust sissy as Englishman and gilded youth).

Of the reflective songs Martin Connor makes much of the tuneful "I hear bells," Veronica Page muses on autumn, and Susannah Fellows (whose memorably love-lorn comic wall over the NY Sunday Times

crossword marks an attack and gusto that must be seen more of) strikes a wistfully urgent note in the archetypal wallflower's "I'm a girl you should know."

Steve Whitley's direction avoids the ferociously ingratiating twopenny of the Side by Side format suggested by the plotless second half; and the performers' smiles glaze over only at an ill-advised stab at tap.

They could take a tip from the Cambridge Independent Theatre production of Anything Goes at the Bloomsbury: this week, The Woodhouse-Galton book for Cole Porter's 1934 show recalls their work for Kern in Oh, Kay!, recently seen at Chichester. Again a wildly silly plot concerns fugitive gangsters, disguised as clerical and Chinese, an upper-crust sissy as Englishman and gilded youth.

The filmsy story practically disappears in Act II, necessitating such padding as a ship-board evangelising meeting when Ethel Merman's "Blow, Gabriel, blow" must have

literally rocked the boat (here taken by Teddie Thompson who looks like Meryl Streep over-dosed on carbohydrates. If lacking the baritone cadences of the great original, Miss Thompson musters up the smoky timbre for a memorable "I get a kick out of you" (slow arrangement, sinuously rhythmic accompaniment). Other goodies include "You're the top," the interpolated "Night and Day" and "It's delightful, it's delicious, it's delovely."

The young players, most at the beginning of their careers, some still students, boast a leading man (Steve Barlow) with the blend of comic energy and dancing ability ideal for musical comedy juve leads. As a gangster's moll with the gravel-voiced accents of Jimmy Durante, Flaminia Cingre strides sturdily around at an angle of 45 degrees, hitting exactly the right comic note. Above all, Jenny Arnold's meticulously drilled choreography for the set-pieces is as exuberant as anything in Chichester's Kern production, and rather more stylish.



Patrice Boz in "Anything Goes."

Arts Guide

Music/Monday, Opera and Ballet/Tuesday, Theatre/Wednesday, Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

Aug 17-23

Music

LONDON

Moscow Virtuosi: Bach, Shostakovich and Chalkovsky, Queen Elizabeth Hall (Mon, 8.30-10.15). London with Eiddwen Harriay and Jennifer Smith, soprano, Gerhard, Hugh Wood and Schönberg, Royal Albert Hall (Mon, 8.59-9.45). BBC Sings directed by John Poole with the Arditti String Quartet, Britten, György Kurtág, Bartók, Ligeti and Bax, St Luke's Church, Chelsea, (Mon 9.45pm). BBC Scottish Symphony Orchestra conducted by Jeremy Malsynnik with Neil Mackie, tenor, and Robert Cohen, cello, Strevinsky, Schumann, Thomas Wilson and Mozart, Royal Albert Hall (Tue).

VIENNA

Robert Lehrmann (organ) plays Bach, Mendelssohn and Schumann, the Basilika Maria Theres, Jockhof-Fink-Platz, (Mon). The Musicians' Orchestra conducted by Alfred Eichen, performs Elgar, Kodaly and Beethoven at the City Hall Arcade Court (Tue), (42800/2085).

TOKYO

New York Philharmonic Orchestra conducted by Zubin Mehta in their first visit to Japan. Brahms, Bach, Leonard Bernstein and others. Kant Ekokan Hall (Mon), Bodokon (Wed), (4078135/8131).

Mauricio Pollini (piano), Schubert and Beethoven in the Large Festival Hall (Mon). The ensemble of Cecilia Bassano, Daniel Mozart, Schubert, Dietz and Hindemith, Mozarthum (Thu).

PARIS

Australian Youth Orchestra conducted by Ronald Zollman, Jean-Claude Malgoire, Oboe: Berio, R. Strauss, Shostakovich (Mon 8.30pm). Assas Law Faculty, 23 Rue Sévigné, Metro Saint-Vincent. Marco Hervat, Lucie, Guillemette Laurens, soprano; Courty melodies, Coccini, Kapberger, Frescobaldi, Stravinsky (Wed 8.30pm). Musée Carnavalet, 23 Rue Sévigné, Metro Saint-Vincent. Quatuor Jean Sibelius, Pascal Devoyon, piano; Haydn, Beethoven, Franck (Thu 8.30pm). Town Hall of the 8th Arrondissement, as all the above are part of the Paris Festival d'Automne (549 1483 Tue to Sat 10am-6pm or 2252255 Mon to Sat 11am-6pm for information and bookings).

NEW YORK

Mostly Mozart (Avery Fisher): The programmes live up to their name, with a sprinkling of Haydn, Schubert and Mendelssohn. The Mostly Mozart Orchestra, Michael Tilson Thomas conducting, with soloists Nancy Allen, harp, and soprano Paul Barry Hendricson (Mon); Jean-Paul Bampal recital with the Kalkbrenner-Laredo-Robinson Trio (Tue, Wed); Franchis Zuberbier, violin, with Marc Wallberg piano recital (Thu); Lincoln Center (674/6664).

Barclays Bank Interest Rates. BASE RATE Barclays Bank PLC and Barclays Bank International Limited announce that with effect from the close of business on 20th August 1984, their Base Rate will be decreased from 11% to 10 1/2%. This new rate also applies to Barclays Bank Trust Company Limited. RATES FOR SAVERS Bonus Savings and Payplan Accounts. Interest paid is decreased from 9% to 8 1/2% per annum. Ordinary Deposit Accounts. Interest paid is decreased from 8% to 7 1/4% per annum. BARCLAYS Reg. Office: 54 Lombard St., EC3P 3AH. Reg. No's 48839, 920880 and 1026167.

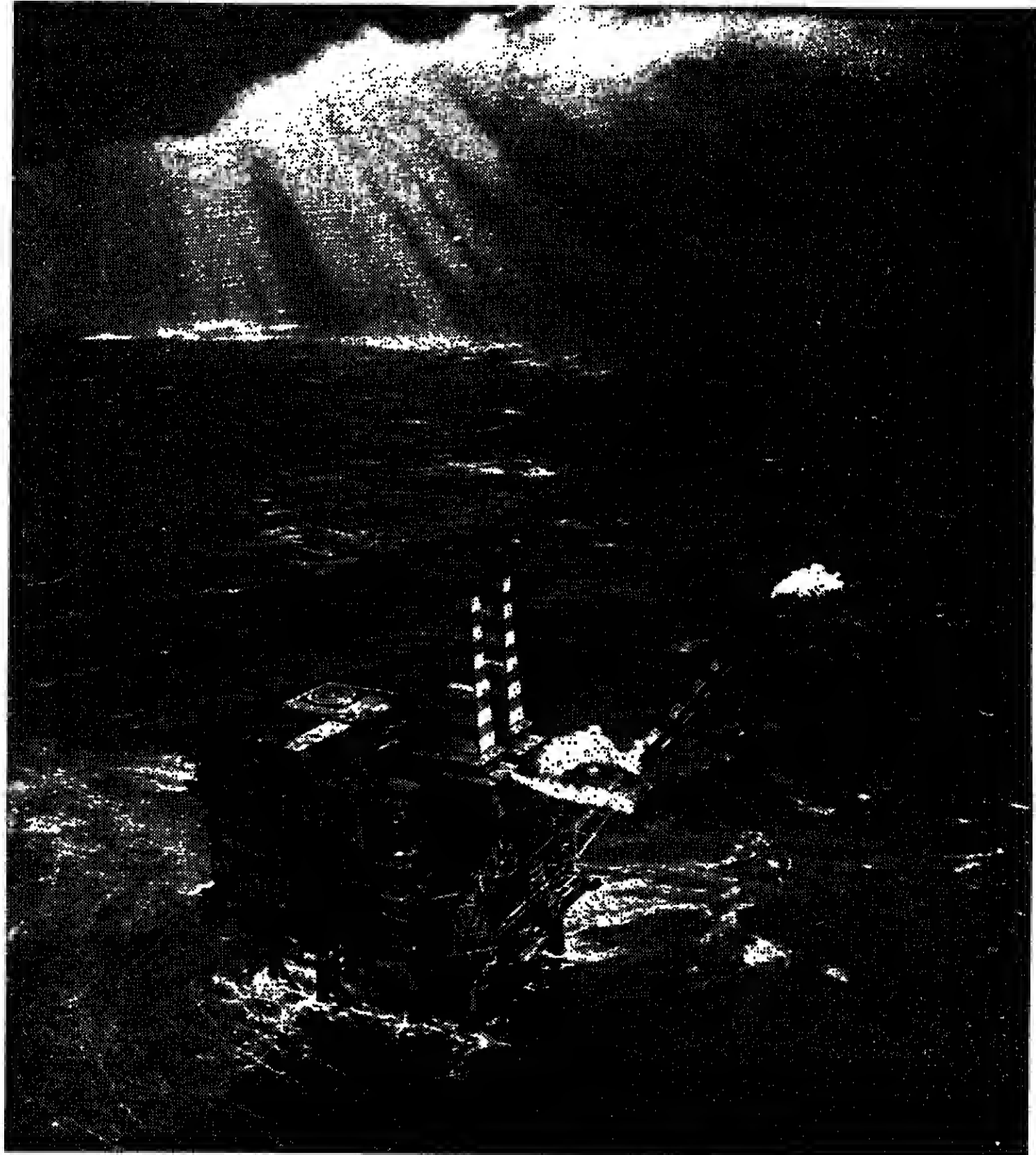
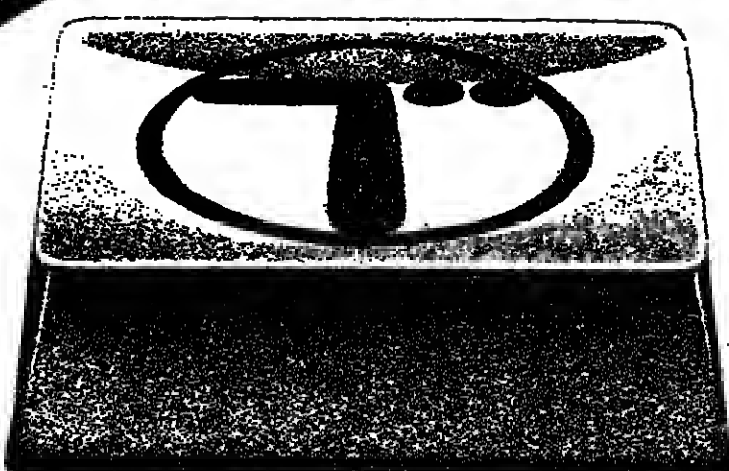
STATE OF MICHIGAN IN THE CIRCUIT COURT FOR THE COUNTY OF WAYNE In Re The Petition of: Civil Action No. 83-328156 CZ COMERICA INCORPORATED vs. Hon. Henry J. Dingemans, Jr. NOTICE OF PROCEEDING TO QUIET TITLE AND FOR DECLARATORY RELIEF RELATING TO CERTAIN SHARES OF BANK OF THE COMMONWEALTH On September 30, 1983, ComERICA Incorporated ("ComERICA"), a Delaware corporation, purchased certain shares of the common stock of the Bank of the Commonwealth, a Michigan banking corporation. Original Certificates numbers 75078, 75260, 75262, and 75389 representing the purchased shares of Bank of the Commonwealth common stock (the "Original Certificates") were certified to be lost or destroyed subsequent to April 4, 1977. Replacement certificates were issued on December 21, 1983 for the Original Certificates and following purchase were registered in the name of ComERICA. ComERICA has commenced a civil action in the Wayne Circuit Court, County of Wayne, Michigan, United States of America (the "Court"), Case Number 83-328156 CZ, seeking quiet title, declaratory relief, and other related relief, including judicial confirmation as to the loss, destruction and cancellation of the Original Certificates and a declaration that the subject shares are owned solely and exclusively by the replacement certificates (the "Action"). The foregoing is a summary of the Action and reference is made to the files and records of the Court for a complete description of the Action and its status. Interested parties may examine all documents filed in the Action at the offices of ComERICA, Corporate Development Department, 54th Floor, 211 West Fair Street, Detroit, Michigan 48226, United States of America. Persons who claim any ownership interest in the Original Certificates or who claim to be interested parties with respect to the Original Certificates and containing the name, address or telephone number of the claimant and who wish to assert or give such interest, may file the Action and a sworn Claim of Interest (the "Claim") setting forth the full caption of the Action and the interest claimed, a description of the interest, the date on which the interest was acquired and the consideration paid, if any, and attaching copies of all documents evidencing the alleged interest. Supporting documentation in any Claim must be filed with the Court, Wayne County Circuit Court, 201 City-County Building, Detroit, Michigan 48226, United States of America. A Claim and supporting documentation must be filed on or before December 14, 1984 to be considered by the Court. Persons not filing a Claim or otherwise asserting an interest in the Original Certificates on or before December 14, 1984 will be barred from subsequently asserting such interest. By Order of the Circuit Court for the County of Wayne, Detroit, Michigan, United States of America The Honorable Henry J. Dingemans, Jr. presiding Dated: March 30, 1984

Hongkong Bank announces that on and after 20th August, 1984 the following annual rates will apply Base Rate . . . 10 1/2% (Previously 11%) Deposit Rate (basic) 7 1/2% (Previously 8%) The Hongkong and Shanghai Banking Corporation The British Bank of the Middle East Wardley London Limited

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Monday August 20 1984

## Ireland on the mind

MR JAMES PRIOR's premature announcement of his departure as Secretary of State for Northern Ireland, as well as the highly-publicised violence in Ulster last week, may have had one salutary effect. Interest in the Irish question is now sharper and more widely spread than it has been for some considerable time and is likely to remain so. There is speculation about Mr Prior's successor, whose name Mrs Thatcher must be pondering during her holiday in Switzerland. She and Dr Garret FitzGerald, the Irish Prime Minister, are due to hold a summit meeting in the autumn and, not least, Ireland is the current holder of the Presidency of the European Community.

There are some general conclusions that might be drawn. Ulster is one part of western Europe to continue to undergo such a long and arduous process. Germany may have had its Boader-Meinhof, Italy its Red Brigades and Spain has problems with Basque separatists but nothing compares to Ulster. The politics long ago ceased to function in any normal way: the economy, such as it is, is shored up by a dangerously high level of public subsidy and there are extremists on both sides—among republicans and unionists alike.

The main threat posed by this situation is not so much to Britain as to the Irish Republic. The Provisional Sinn Fein and its allies have become more and more a hardline organisation ready to turn their guns on what they consider to be the bourgeois democracy of the south. That jeopardises the Irish economy and it undermines Irish politics.

**Reconciliation**  
It follows from there that Britain and the Republic have the greatest possible common interest in finding a solution. It does not follow, however, that the solution is to be found in Irish unification, or at least in the remotely foreseeable future. For the fundamental point is that there can be no chance of unification until there has been some reconciliation between the communities in the north. Without something approaching peace in Ulster, there will be no peace in Ireland.

The key task of British and Irish policy therefore is to bring about that reconciliation. How can it be done? A great deal can be achieved, indeed is being achieved, by greater

Anglo-Irish co-operation in security matters. There could be more and it could go wider. For instance, there might be regular consultations between London and Dublin on all issues affecting British policy towards Ulster. That is a proper subject for discussion in the talks between Mrs Thatcher and Dr FitzGerald.

**Chance**  
Yet it is hard to escape the conclusion that the greater onus lies on Britain. The trouble with the British approach to Northern Ireland over the years has been that it has lacked any real determination to contain the violence. There has been the odd political initiative, only for it to peter out. Ulster has never remained at the top of the political agenda for long. Mrs Thatcher has the chance to raise the sights. She should have nearly four years of office ahead of her: she has a co-operative counterpart in Dr FitzGerald, and interest in the subject is unusually high. She could say that Britain, with Irish backing, is now going for a political settlement.

For a start, it would mean being even-handed, and being seen to be so, to both communities. It would mean standing up to the extremists on both sides, ridiculing them if necessary, for all that Sinn Fein and the extreme unionists offer is a continuation of the strife. It would mean a battle to establish a political middle ground, including those young nationalists who do not naturally want to take to the gun and unionists whose sympathies do not automatically lie with their wider spokesmen.

That can only be done, however, if there is a sustained determination and application in London. There is no hope of a middle ground emerging if Britain and Dublin do not actively encourage it. The responsibility begins with Mrs Thatcher, but it extends to her entire Government. There needs to be a much more visible interest in finding a solution. His three visits to Dublin, more visits by ministers not actively involved, perhaps by Europeans as well. Each government department indeed might be assigned a stronger interest in Northern Irish affairs.

Mr Prior was not a bad Secretary of State. He would have been even better if the Prime Minister had fully supported him from the start. That is the lesson she ought to have learned by now.

## Sudan: the need for tolerance

SUDAN is a tragedy in the making. The country that made such a remarkable recovery from a civil war which cost half a million lives appears to be coming perilously close to a conflict that will once again divide Africa's largest—and potentially one of its richest—states.

The irony is that the person responsible, President Jaafar Nimeiri, is the same man who played a key role in the Addis Ababa peace conference in 1972 which ended 17 years of fighting. The formula which then emerged, which accommodated the Muslim, Arabic-speaking northern two-thirds of the country and the partly Christian south. The constitution enshrined religious tolerance and granted the south a degree of autonomy.

Over the past 15 months, Mr Nimeiri has introduced and overturned these two key principles. In June 1983 he abolished the southern Sudan regional assembly and created three smaller regions in a move which, though welcomed by some, was seen by most southerners as an attempt to divide and rule, and to erode the south's power.

It was a move which fuelled the grievances of the two rebel movements already active in the south, but worse was to come. In a major shift towards Islamic fundamentalism last September, the President introduced Sharia law, with its penalties of amputation for theft and stoning for adultery. Originally supposed to be limited in application to the Moslem north, there is concern that it is beginning to apply elsewhere in the country.

that the President, who took emergency powers last April, remains determined to make Sudan an Islamic state. There is a growing suspicion that he is now obsessed with a religious fervour which excludes political practicalities.

His three main allies look on with growing alarm. The U.S., which has regarded Sudan as a Western-orientated state in the sensitive Horn of Africa, sees instability looming. Saudi Arabia, which has a long history of Muslim fundamentalism with concern, while Egypt, bound by a 1976 mutual defence pact and with an eye on secure access to the waters of the Nile, has been urging a discreet plea to Mr Nimeiri for restraint.

Meanwhile, Sudan's leading antagonist, Libya, must look on with satisfaction, more than ready to increase its existing military supplies to the rebels.

**Impact**  
The impact on an already shaky economy is dire. Western banks and investors looked forward to the day when Sudan would become capable of generating the exports to service a \$7bn external debt total annual exports are barely \$300m. But the two development projects on which these hopes were pinned have come to a halt because of security problems in the south. Chevron oil company of the United States has stopped its drilling programme, and work has been halted on the Jonglei irrigation canal which would recover swampland in the Upper Nile and provide more water for Egypt and Sudan itself.

**BRITISH PETROLEUM** has paused to draw breath. After three years of shutting refineries and chemical plants, selling tankers, and cutting out debt amassed in the company's ill-starred diversification of the late 1970s, the UK's largest company is suifing for new trails, uncertain which way to go and worried about repeating the mistakes of the past.

"It's a tough job," says Sir Peter Walters, BP's chairman, "is that we have achieved quite substantially earlier than I thought most of the rationalisation of phase one. That's a cause for satisfaction but it does mean there is a hiatus in which we have to bring forward, perhaps by a year or so, plans for phase two that will carry us through a second five-year period."

To be exact, the first five-year phase of the Walters chairman's plan has lasted two years and nine months. It was on November 29, 1981, that the 50-year-old son of a Birmingham policeman took charge of Britain's most aristocratic company.

At the time Sir Peter had just under ten years to retirement: fire to clear the house and five to refurbish it. BP has been housecleaning with a vengeance: in the past three years refinery capacity is down by 33 per cent, payroll by 14 per cent and ethylene output by 28 per cent. It has split into ten distinct businesses, sold part of its best chemical assets and swapped one of its chemical businesses—PVC—for ICI's polyethylene activities. It has also stopped serving biscuits with tea to staff at the most grand of headquarters, although in the chairman's office afternoon tea is still brought by Richard the butler. Not all the grandeur is gone.

Profits last year picked up to £2,400m, but this year they are down by £1,000m. This year the City is looking for £3,600m and almost £400m next. The dividend is up, the shares are ahead of the market, and the balance sheet is sound.

Three questions arise. How was it done? How deep has the change run within the organisation? And what next? Can Walters the cleaner become Walters the nursemaid, avoiding the over-optimistic errors of the 1970s? Or, as he puts it himself: "Do we have an offensive as well as a defensive coach?"

Sir Peter's own account of how it was done is characteristically easy paced. Once it was accepted that the world would never return to normal after the oil shocks, "the recession gave us freedom to manoeuvre, it must be very difficult to change the style of a company where you don't have the opportunity to release people and change a generation."

At the head of the new BP generation are the company's senior managing directors, whose average age is 53 and five of whom joined BP within three years of Sir Peter. Only one is an outsider—Mr Robert Malpas, ex-ICI and responsible for creating the oil tanker fleet, is Roger Bexon, a 68-year-old geologist who doubles as deputy chairman and head of the upstream part of the oil business. The whizzkid is Robert Horton, 45 last weekend, who spent his childhood in the chemicals business before taking charge of finance and planning. BP these days is all about collective wisdom, "Collegeiate," Mr Bexon calls it; "Cabinet government," says Mr Horton.

One level below the managing directors are the heads of the various business streams, like David Simon, the high-adrenaline 45-year-old who runs BP Oil International, which covers supply, refining and marketing. Mr Simon's business has seen some of its competitors, says BP, change in the last two years, turning a \$36m 1982 operating loss into a \$205m profit last year at a time of stagnant demand. The strategy Mr Simon inherited — to reduce dependence on Europe and switch from the supply push of the integrated oil company to selective pursuit of profitable sections of the market—has been implemented at great speed.

It has meant closing refineries and moving into the spot oil market in a big way—BP generation are the company's senior managing directors, whose average age is 53 and five of whom joined BP within three years of Sir Peter. Only one is an outsider—Mr Robert Malpas, ex-ICI and responsible for creating the oil tanker fleet, is Roger Bexon, a 68-year-old geologist who doubles as deputy chairman and head of the upstream part of the oil business. The whizzkid is Robert Horton, 45 last weekend, who spent his childhood in the chemicals business before taking charge of finance and planning. BP these days is all about collective wisdom, "Collegeiate," Mr Bexon calls it; "Cabinet government," says Mr Horton.

**BP's BUSINESSES**

	TURNOVER (£m) 1983	OPERATING PROFIT (£m)	% RETURN ON CAPITAL
EXPLORATION	4,862	1,096	36.0
GAS	562	80	14.2
OIL SUPPLY, REFINING, MARKETING AND SHIPPING	20,047	205	5.1
CHEMICALS	1,715	81 (loss)	negative
MINERALS	251	26 (loss)	negative
NUTRITION	723	27	3.6
DETERGENTS	169	3	4.9
VENTURES		financial results not published	
SCITCON INTERNATIONAL	57	1 (loss)	negative
BP GROUP	32,453	3,289	16.9

\* operating profits as proportion of capital employed  
† including Sohio

Britain's largest company

# Now BP waits and wonders

By Ian Hargreaves

like David Simon, the high-adrenaline 45-year-old who runs BP Oil International, which covers supply, refining and marketing. Mr Simon's business has seen some of its competitors, says BP, change in the last two years, turning a \$36m 1982 operating loss into a \$205m profit last year at a time of stagnant demand. The strategy Mr Simon inherited — to reduce dependence on Europe and switch from the supply push of the integrated oil company to selective pursuit of profitable sections of the market—has been implemented at great speed.

It has meant closing refineries and moving into the spot oil market in a big way—BP generation are the company's senior managing directors, whose average age is 53 and five of whom joined BP within three years of Sir Peter. Only one is an outsider—Mr Robert Malpas, ex-ICI and responsible for creating the oil tanker fleet, is Roger Bexon, a 68-year-old geologist who doubles as deputy chairman and head of the upstream part of the oil business. The whizzkid is Robert Horton, 45 last weekend, who spent his childhood in the chemicals business before taking charge of finance and planning. BP these days is all about collective wisdom, "Collegeiate," Mr Bexon calls it; "Cabinet government," says Mr Horton.

One level below the managing directors are the heads of the various business streams, like David Simon, the high-adrenaline 45-year-old who runs BP Oil International, which covers supply, refining and marketing. Mr Simon's business has seen some of its competitors, says BP, change in the last two years, turning a \$36m 1982 operating loss into a \$205m profit last year at a time of stagnant demand. The strategy Mr Simon inherited — to reduce dependence on Europe and switch from the supply push of the integrated oil company to selective pursuit of profitable sections of the market—has been implemented at great speed.

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money be is delivering up to 1,300 copies, with colour supplements each weekend for the cost of petrol and a return ferry trip to Fleet Street, plus fees. With the French company Hachette firmly in control of most Brussels newspaper distribution, Simmonds is keeping a weather eye on moves against him so he does not lose his second paper business.

**Finger-tips**  
Worried executives can now get an instant check on whether their worries are affecting their health.

**Shaw's acorn**  
Roland Shaw, chairman of Premier Consolidate Oilfields, tells me that his company's long-awaited first North Sea oil discovery may be called the Acorn field.

**Warning signs**  
Time was when scientists consulted classicists about names for nuclear experiments. Oxford's Greek faculty supplied the names for Dido, Pluto and other early nuclear reactors at Harwell.

## Building confidence

Hong Kong may, perhaps, draw more comfort about its future from the Bank of China's plan, unveiled last week, to build a new HK\$11m (£9m), 70-storey headquarters there than it has yet gleaned from either Mrs Thatcher or Sir Geoffrey Howe.

Four years from now, the four triangular aluminium and glass-covered shafts of the building—designed to withstand extreme typhoon conditions—will dominate Hong Kong's skyline.

## Men and Matters

the Sacramento Father Bailey also makes available at his after mass get-togethers freshly delivered copies of the British Sunday newspapers.

In fact, the inspiration behind the move is not divine but the work of a decidedly down-to-earth 42-year-old entrepreneur called Jonathan Simmonds. A former chemist, who quit on discovering an allergy to chemicals, Simmonds has been making a lucrative career for himself sticking pins in Belgian monopolies.

Until recently, he earned his living importing and selling U.S.-made paper grocery bags—stone time 12m a month—to supermarket chains.

## Paper money

Father Michael Bailey, pastor to a heavily English-speaking Catholic flock in the Brussels suburb of Kraainem, has latched on to a novel way of keeping his congregations.

Pei accepted the job for sentimental reasons—his late father was the founder of the Bank of China's Hong Kong branch 65 years ago.

Instead of merely distributing

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## Observer

production curve on top of another. In any case, says Mr Horton, "we can secure our reserve base for less than \$8 a barrel"—a going figure in the recent \$35bn Wall Street merger wave. Sohio, anyway, has something to prove in the next year if it must show success in its large non-Alaskan U.S. oil exploration programme or risk being permanently saddled with the charge of having the highest oil finding costs of any major U.S. oil company.

## Observer

"The money isn't burning a hole in our pocket," says Mr Bexon. "Actually, it's a nice warm glow. The next year or so is a time of thinking through very carefully where we go." Mr Bexon's own business, oil exploration, will continue to attract the biggest share of total capital spending total. The hope is that the gradual drop in the ratio between BP's oil reserves and its production—a crucial barometer—can be halted. Mr Bexon says the last 18 months have been BP's best in the North Sea since 1974, but there have also been major disappointments at Muluk in Alaska and in China. BP, like Sohio, has to do still better in its most basic business in order to bankroll its future.

As for diversification, BP is cagey. It will be more a question of tailoring any diversification to local opportunities, rather than going for a grand slam of international diversification. For its own sake, says Sir Peter, "If New Zealand can make a success of forestry, then I'm happy that New Zealand should be in timber. But I would not choose to see BP in forest products on an international basis." Sir Peter made great play of putting pictures of an oil rig and a petrol station on the cover of this year's annual report to mark symbolically an end to his predecessor's strategy of a flight from oil.

Sir Peter also says he wants to see BP "closer to the customer in a number of ways. As for diversification, BP is cagey. It will be more a question of tailoring any diversification to local opportunities, rather than going for a grand slam of international diversification. For its own sake, says Sir Peter, "If New Zealand can make a success of forestry, then I'm happy that New Zealand should be in timber. But I would not choose to see BP in forest products on an international basis." Sir Peter made great play of putting pictures of an oil rig and a petrol station on the cover of this year's annual report to mark symbolically an end to his predecessor's strategy of a flight from oil.

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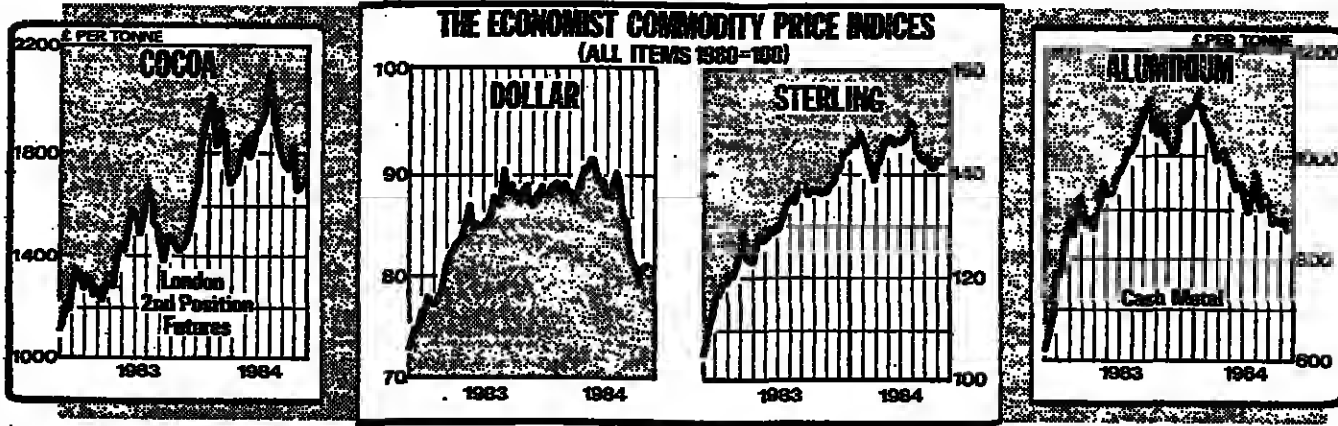


WORLD COMMODITY PRICES

# When a fall isn't a fall

By John Edwards and Anatole Kaletsky

RECENT FALLS in the prices of raw materials, ranging from aluminium to cocoa and many in between, have raised hopes that the economies of industrialised countries can continue to recover without unleashing a new bout of inflation. The speed of the decline in U.S. copper prices, for example, has fallen by over 18 per cent from their level in April—has even provoked some fears that the world economy may be on the brink of a deflationary collapse. The like of which has not been seen since the 1930s. Both optimists and alarmists may be disappointed, however, if they look more closely at the underlying trends in the international economy and in many of the individual commodity markets.



Graham Lovar

Bumper harvests, the soaring dollar and Europe's halting economic performance are combined to create an optical illusion for analysts who view the world entirely through American eyes. With the American recovery roaring ahead while agriculture and metal prices decline in U.S. markets, it is tempting to conclude that deep-rooted inflationary forces may have been driven out of the economic system. However, looking at the various commodities separately against a broader international

## The growth outlook is threatened by modern technology

perspective, the recent behaviour of prices seems less extraordinary and, in some cases, able to be abruptly reversed. In the past few months, three general influences have been of paramount importance on all commodity prices: the strength of the dollar, the uncertain and unbalanced nature of the world recovery and seasonal variations in demand for raw materials, which markets apparently have not been very successful in discounting. The impact of the dollar is obvious, yet frequently neglected. With the dollar appreciating rapidly against nearly every major currency, commodity prices which are quoted in dollars give the distorted impression of market conditions experienced by consumers and producers outside America. A 10 per cent fall in the dollar price of copper, for example, will have little bearing on the business of a Chilean copper

mine or of a French electrical manufacturer if the dollar rises by 10 per cent against the peso and the franc at the same time (although the Chilean Government, which has to spend most of its tax revenues on servicing dollar debts, is more preoccupied about its main export's dollar price). In fact, this kind of contrary movement of commodity prices and the dollar, is broadly what has happened over the past few months—as the chart shows. The Economist's commodity index, quoted in dollars, has fallen by 13 per cent since its peak in March. But the sterling price of the same basket of commodities is shown far less movement—falling over the same period by less than 3 per cent.

With today's volatility in exchange rates and America's shrinking importance in world manufacturing, the dollar is simply an inappropriate unit of value for much of the world's commodity trade. For example, the U.S. consumed only 26 per cent of the world's refined copper last year, against 39 per cent consumed in Europe and 18 per cent in Japan. Of the major commodities, only aluminium is still consumed in greater quantity by the U.S. than by Europe.

Another simplification of the long-term shift in patterns of commodity consumption is that the pace of U.S. recovery is an inadequate proxy for the strength of worldwide commodity demand. A fall in commodity prices may look surprising when juxtaposed against this year's boom in the U.S. economy. But a truer guide to demand in the commodity markets is the unusually gentle recovery in the international

economy as a whole; when measured against this year's growth projections of 4 per cent for the whole OECD area, rather than the 6 per cent likely to be notched up by the U.S. commodity prices could be described as surprisingly strong. Indeed, underlying strength, rather than weakness, in commodity prices, is what emerges from a slightly longer view of market trends than the one currently taken by some speculators. Since October 1982, when commodity prices started rising in the current recovery, The Economist's dollar index has risen by 11 per cent, despite the recent setback. The sterling index has leapt by no less than 49 per cent in the same period.

A recent analysis by Morgan Stanley suggested that, even in dollar terms, the upsurge in commodity prices since the autumn of 1982 has been more than double the average advance in previous U.S. economic recoveries and has "easily surpassed" the previous record set during the Korean War boom in the 1950s.

Viewed in this context, the recent commodity price declines hardly appear spectacular. Even so, there are doubts about how long the retreats can last in some markets. The prospects for continuing recent price declines can be considered in two groups: agricultural commodities and metals. The metals sector has been undermined mainly by the unexpected strength of the dollar; by high interest rates which have discouraged consumer stockpiling; and by doubts about the durability of world economic recovery,

that difficulty. Thank you for helping to raise the level of living in my country. (Sir) Raymond Lygo, 100 Pall Mall, SW1.

The metal markets are now in no-man's land waiting to see what happens when industry goes back to work after the summer holidays. Traditionally the key period in the U.S. comes after the Labor Day holiday (September 14) when industry looks at its order books. However, a decisive move may be delayed this year until after the result of the U.S. presidential election when the markets expect the new, or re-elected, President to start buying until the likely trend becomes clearer. They cite the aluminium market, where over-optimism has resulted in a dramatic decline in prices. Last year aluminium was one of the high fliers in the metal markets. The price of aluminium surged on the London Metal Exchange (LME) from just over £500 at the beginning of 1983 to a peak of over £1,100. Since January it has fallen to the present level of under £800 a tonne in spite of the drop in the value of sterling. Zinc, last year's other high flier, rose to a peak of nearly £500 in May because of a shortage of relatively kind supplies. The price suddenly collapsed in June, falling £180 in just over a fortnight as the squeeze on supplies was broken by lack of demand and higher production. Since then the market has stabilised at around £550, much below the previous level. Movements in other base metal markets have been less

spectacular, but follow roughly the same pattern. Meanwhile, platinum and silver prices, which had been tipped to move higher this year as a result of increased industrial demand, have trailed gold downwards. Many of the specialised (or so-called) metals—such as antimony, cobalt, and selenium—which recorded some spectacular price increases during the first part of the year, have subsequently fallen back too in the face of declining demand.

While the lacklustre performance of metals has been somewhat surprising, there are sounder reasons to explain the decline in prices for the main agricultural commodities. Good harvests, or the prospect of bumper crops, has been the main depressing influence. Last year prices of grain, cotton, and oilseeds were driven up by the sharp setback in U.S. production, as a result of drought conditions combined with the American Government's generous payment-kind programme paying farmers to cut plantings drastically.

After the over-hill suffered last year, the U.S. Government was in no mood to cut production again in presidential election year. At the same time the weather has been relatively kind—even the Soviet Union has had a reasonable harvest, while bumper crops are expected in the EEC. There is, therefore, every likelihood of a big recovery in U.S. production of maize (corn), soybeans and cotton this year. Stock should be restored to more normal levels and prices have already reacted downwards accordingly. A bumper wheat harvest has been virtually gathered in and

world production is expected to top 500m tonnes for the first time ever. Oilseed and edible oil prices, which rocketed last year following the failure of the U.S. soybean crop, have come back sharply in anticipation of a big recovery in U.S. output which now looks less certain. However, there are larger crops in Brazil and Argentina; and a resurgence is under way in Malaysian palm oil production. Natural rubber and timber prices have tumbled, too, with the failure of consumption growth to keep pace with increased production. Tea prices, not surprisingly, have declined from the record levels reached in January following the move by India to restrict exports of CTC (crush, tear and curl) teas in order to reduce domestic prices. A good world tea crop is in prospect this year, so prices are likely to remain under pressure. Better crop prospects, after the setbacks from drought suffered last season, have boosted sugar production and reduced world market values (in dollar terms) to the lowest level for 13 years, and there seems little relief in sight.

The prospect of better crops later this year in Brazil and India is extremely important to give the right reasons for being concerned. Much of the comment, including the remarks made by the Employment Secretary, Tom King, concentrate on cost comparisons between the UK and main competitor countries. Allowing for productivity, pay costs per unit of manufacturing output have been constant in Germany, have fallen in Japan and the U.S., while they have risen by 4 per cent over the last available year in the UK.

## The dollar is an inappropriate unit of value

It cannot be sufficiently emphasised that these facts, taken on their own, do not constitute any reason for worry. Comments based solely on international comparisons and fears of "pricing ourselves out of world markets" show that those who make them are still living in a fixed exchange rate world, even though sterling has been floating for 12 years (I suppose that this is par for the course for a cultural lag). They also reflect a mercantilist inertia that prevents the countries with different rates of productivity growth and different rates of inflation can harmoniously trade together thanks to the international price mechanism operating via the exchange rate. The UK earnings figures do suggest serious difficulties in the way of reducing inflation further. But these are best expressed in domestic terms and not with reference to other countries' performance. There are two main reasons for worrying about the earnings figures. If earnings are rising by nearly 8 per cent and productivity in the whole economy is rising by 2 to 3 per cent the "core" rate of inflation

# Lombard Bad reasons for pay worries

By Samuel Brittan

IT CANNOT be a healthy sign that UK earnings are rising by nearly 8 per cent per annum overall and by over 9 per cent in manufacturing during a modest recovery from recession when unemployment is over 3m and still slowly rising. As the underlying inflation rate is 5 per cent and the tax burden is not rising, this means that those at work are increasing their living standards reasonably fast at the expense of the unemployed who are being crowded out of the recovery. But it is extremely important to give the right reasons for being concerned. Much of the comment, including the remarks made by the Employment Secretary, Tom King, concentrate on cost comparisons between the UK and main competitor countries. Allowing for productivity, pay costs per unit of manufacturing output have been constant in Germany, have fallen in Japan and the U.S., while they have risen by 4 per cent over the last available year in the UK.

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Changing labour market behaviour (polite jargon for tacking union monopoly) is a herculean task. By contrast ensuring that the country is not "priced out of world markets" is child's play. The foreign exchange market will do it for us while Mr King's back is turned (it may even overreact). Establishment figures should get away from 20-year-old briefs and concentrate on the problems of the 1980s, not the 1960s.

## Arbitration in agreements

From the General Secretary, Elect, Electrical Electronic Telecommunication and Plumbing Union. Sir,—Your Editorial of August 14 summarises the latest initiative from the Institute of Directors to improve British industrial relations. This paper, however, cannot be seen as a particularly comprehensive package for reform. Strange though it might initially appear, the institute is guilty of the same fault as Lord King's decision of the EEC/EEC which incorporates pendulum arbitration. Both prefer to concentrate on the binding arbitration provisions of those agreements to the total exclusion of other features. Just as it is a disaster for other trade unions to accuse us of "selling away" our members' rights, so it is unacceptable for the IoD to isolate the binding arbitration clauses and seek wider acceptance of provision throughout industry, without acceptance of the other elements in the agreements.

At all plants where such agreements have been signed, the EETPU has been able to curb total managerial prerogative by accepting a joint managerial/union board which has a positive influence at plant level. If the IoD is serious in its intention to secure wider support for pendulum arbitration, it has to accept the inevitability of greater employee involvement at local level. Accompanying the provisions for binding arbitration are clauses which secure harmonious conditions of employment for all employees. The demand for single status and the removal of outdated differences

## Letters to the Editor

tion between blue and white collar workers has been progressively eroded throughout this decade and before. Yet our actual achievement of those goals has been ignored by those trade unions who, prior to criticising the binding arbitration provisions of the agreement, the IoD, too, should recognise that single status is as important a component of the agreement as is binding arbitration. If the institute is genuinely interested in "filling the gaps" in contemporary industrial relations, it must go further than extracting binding arbitration from new agreements. It must be willing to accept the other equally radical features of those agreements. A. E. Hammond, Hayes Court, West Common Road, Bromley.

Role for a UK space agency. From the Managing Director, British Aerospace. Sir,—Your leading article "The role for a UK space agency" (August 15) is extremely well timed. While the UK space industry has achieved a good record of success in Communication and scientific satellites, it now needs national guidance as to where it should be devoting its efforts in the future. Current European groupings tend to put France and Germany

Trade with Japan. From Mr J. Bourlet. Sir,—I read (August 2) with interest the letter by Lord King, Giles Anouli, head of Press and Information of the delegation of the EEC in Tokyo. The research in Tokyo of all the EEC's publications, wall charts, display material, hand-outs and press releases—which justified the criticisms—covered the period up to 1984. I am pleased therefore to learn from your correspondent that in their new publication invisible payments are, for the first time, taken into account and on a clear "cash flow" rather than "profit" ("economic transactions") basis—a useful correction of the current UK Government line. I must protest at the letter attributing to me "strong" views over sales to Japan. No such view has been given on this point because it would be both irrelevant and confusing to the main argument which is that it is essential and desirable to ignore multilateral trade patterns, invisibles (notably profits and dividends) and capital movements as well as visible trade when assessing EEC-Japan economic relations. Important questions about protectionism and conflicting national interests arise and there is a vital need for full debate, particularly in our own Parliament before policy lines regarding trade with Japan are promoted via the EEC. James Bourlet, 20, South Street, W.I.

renegotiated in the interests of the State carriers and in such a way as to block BCal's entry. Thus do monopolies protect themselves and their cosy fare and capacity pooling agreements. Gatwick's development has only recently been helped by improvements in its road and rail links with London, coupled with its spaciousness and room for expansion, and by BCal's own efforts in operating about 45 per cent of the 75,000 scheduled service movements there last year. But undeniably, just as BCal has been dominated by BA so Gatwick has operated under Heathrow's shadow... about 5m scheduled passengers at Gatwick last year compared with 27m at Heathrow. It is the twin imbalances of airlines and airports which must be corrected and they provide the justification for the implementation of the CAA's plan including the three route transfers to BCal. The loss of three routes which, in common with all others, BA received free in

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## The need for competing British international air services

From the Managing Director, British Caledonian Airways. Sir,—Colin Marshall's letter (August 13) serves only to obscure the fundamental issues now awaiting Government decision: the need for truly competing British international air services and airports. The unchanging truth is that there is an enormous imbalance in size between the independent airlines which react to the detriment of competition and therefore consumer interest. With over 80 per cent of British international services out of BA, by any measure, between five and seven times as large as its nearest competitor, British Caledonian. Such a huge disparity must need adjustment before privatisation and the Civil Aviation Authority has produced very modest proposals to how such adjustment can be achieved in a way that need not delay flotation or diminish significantly the value of an airline which would still have

the finest route network in the world. It is just not enough for BA to state that it would welcome British competition on any of its routes. BA knows full well that the complexities of international air service agreements and inter-airline relationships and the way they can be manipulated by dominant carriers can effectively preclude new British entrants. Just how hollow the BA statements are is amply demonstrated by BCal's experience. BCal was granted a Farin licence in 1961 but was blocked until 1971 from commencing operations as a result of opposition by BA and Air France. Even today after 13 years of operation the capacity share is carved up in such a way that BCal is precluded from offering more than 12½ per cent of the total seats on sales. Furthermore, BCal has bitter memories of how, just after it was licensed by the CAA to operate to Scandinavian points, the air services agreement was

renegotiated in the interests of the State carriers and in such a way as to block BCal's entry. Thus do monopolies protect themselves and their cosy fare and capacity pooling agreements. Gatwick's development has only recently been helped by improvements in its road and rail links with London, coupled with its spaciousness and room for expansion, and by BCal's own efforts in operating about 45 per cent of the 75,000 scheduled service movements there last year. But undeniably, just as BCal has been dominated by BA so Gatwick has operated under Heathrow's shadow... about 5m scheduled passengers at Gatwick last year compared with 27m at Heathrow. It is the twin imbalances of airlines and airports which must be corrected and they provide the justification for the implementation of the CAA's plan including the three route transfers to BCal. The loss of three routes which, in common with all others, BA received free in



Terry Byland on Wall Street The chips are up, for now

THE RESURGENCE of confidence on Wall Street since the end of July has brought the stocks of the semiconductor group back into the limelight. Motorola, National Semiconductor, Intel, Avnet and a host of other leaders of the industry have chalked up stock price gains of between 10 per cent and 30 per cent, compared with a rise of just over 6 per cent in the Standard & Poor's 400-stock index.

To some extent, the semiconductor shares have been responding to Wall Street forecasts of substantial improvements in profits for this year and 1985. But higher earnings had been predicted well before the market took off at the end of July. The sparkling performance of semiconductor issues also reflects their perceived role as the very driving force of U.S. industry - especially of its thrust to change and modernise.

This spearheading role carries dangers as well as opportunities for investors. The upturn in the stock market came not a moment too soon for the semiconductor stocks which had suffered a punishing 12 months, when "technology" almost became unmentionable within the hearing of any sensitive fund manager. Over the past two years, some semiconductor stocks saw swings in price of nearly 300 per cent.

A sector that overreacts to market or economic trends on such a scale needs careful watching at present. Wall Street is still not entirely sure of the outlook for the U.S. economy. If the pace of growth slows more quickly than expected, semiconductor stocks might prove vulnerable again.

Investors who subscribe to the most bullish of Wall Street's scenarios - that recession might materialise by mid-1985 - should probably not be in semiconductor stocks at all. After the gains of the past three weeks, the sector is selling on price/earnings ratios of between 20 and 30, compared with a mere 11.5 on the S & P 400. Motorola, with its dominating position in portable communications equipment, has

risen by 27 per cent over the period and is beginning to challenge its 52-week high. Advanced Micro Devices (AMD), 17 per cent higher by Siemens of West Germany, has gained 25 per cent.

Clearly, most people on Wall Street now expect the U.S. economy to continue at full throttle throughout 1985 and perhaps 1986. For them, the question is: Which semiconductor stocks have the most potential for further gain?

For the bulls, AMD remains at the top of the list, although the stock price has already recovered to its 52-week high. Virtually the whole of AMD's revenues come from its integrated circuits divisions, making it the "purest" of the semiconductor stocks. It is expected more than to double last year's earnings of \$71.1m in 1984, with further spectacular growth ahead next year. The only doubt must be over the p/e ratio of 22, which is discounting much of the growth potential.

Similarly, a p/e multiple of 26 on Texas Instruments may be over-emphasising the swing round to profits in the current year, after the withdrawal from the personal computer market. The stock has jumped by 26 per cent in August, and is close to its 52-week high.

Mr Michael Gumpert of Paine Webber picks out National Semi, Perkin-Elmer and GCA as having outstanding upside potential - but only for those confident that the stock market and the economy will continue to grow until the beginning of 1987. All three are well below their 52-week peaks and are likely to return higher profits this year.

National Semi has been rising sharply this month and now sells on 31 times earnings. But the stock is still only in the middle of its 52-week range, and Paine Webber predicts a gain of 79 per cent in earnings this year and a further 38 per cent in 1985.

GCA has the highest p/e in the sector, at 29, reflecting its strength in the sale of the new water stepers, the most profitable growth area of the industry. GCA has the lion's share of both Japanese and European markets for water stepers.

For those who are bullish on the prospects for the U.S. economy, semiconductor stocks are clearly the place to be. But those who continue to fear that interest rates might rise in 1985 just as the economy slows should remember what happened to semiconductor stocks in the second half of last year.

Wall Street, Pages 12-15

John Elliott reports on rising tension in Jaffna Sri Lanka expects new violence

SRI LANKAN military commanders expect a sharp increase in the violence between Tamil separatists and army troops over the next few weeks, and are prepared for the possible invasion of forces from India.

Brigadier N. Seneviratne, Commander of Security in Jaffna, said yesterday that the possibility of military intervention from across the Palk Strait, which divides Sri Lanka and India, had not been discussed.

Mrs Indira Gandhi, the Indian Prime Minister, has been urging a peaceful solution to the island's problems with increasing impatience. However, she has denied that Tamils are being trained and equipped in India and has recently set up a new southern army command in the southern state of Kerala.

Tension is rising sharply because of allegations, mainly denied, that troops in the north of the island have indiscriminately arrested some 400 people, blown up and killed 20 or more people after gassing and tying them up in a desert-

ed police station, and set fire to over 190 houses and 130 shops in various towns and villages. Brigadier Seneviratne admits that "there have been some excesses," while denying the worst atrocities.

Judging by local inquiries yesterday, it seems likely that 12 to 20 people were killed in the police station by an army-planted bomb and that other people were injured.

I saw one man taken from the site who had lost half his leg and another with wounds. I also visited a house near the police station whose occupants say its main rooms, now roofless and charred, were burned by the army.

The Brigadier estimates that there are about 500 hardcore terrorists, some being trained in India. He said his security forces were severely under strength and that the local police did not supply sufficient intelligence.

In particular, he has difficulty in effectively guarding 35 miles of beaches along the top of the island where boats from India allegedly land men and weapons. The area is

laid with army ambushes at present in readiness for arrivals expected to boost the next stage of violence. Brigadier Seneviratne sees no early end to the violence, which has claimed at least 93 lives this month, until the political and economic demands of the island's Tamil community for more regional autonomy have been met.

"Until a political solution is found, you cannot do much more than contain the situation as much as possible and try to stop terrorists having the run of the country," he said.

That means that the security forces do not believe they can end the terrorism by force. All the signs, therefore, indicate a long battle before peace is restored to Sri Lanka, which was regarded as a tourist haven and a test bed in South Asia for thriving capitalist economy until its sharp and sudden violence in the north and in Colombo, the capital.

A round table conference reopens in Colombo tomorrow but a solution is not expected. Many political observers regard the conference as a

charade kept going by the government to impress countries that provide Sri Lanka with aid.

The situation in the main northern city of Jaffna is tense. "We do not dare go on the streets for fear of getting a bullet in the head," said one senior officer.

During the afternoon a truckload of navy personnel drove into a dusty, largely deserted shopping street and more than 39 heavily armed troops took up positions along a 100-yard stretch so that a carton of toilet paper and other goods could be collected from a shop. The scene looked as if a security hazard existed.

With such displays of fear by the troops and with the allegations of violence and arson against the forces, the relationship between the troops and the local community is deteriorating.

"It could not be worse," said one leading local resident, who, like others, claimed that the troops' violence and the failure of the government to find a solution was making him a supporter of the Tamil extremists.

strongly criticised any further cuts in workers' purchasing power and said unemployment was reaching dangerous levels.

In a newspaper interview he said government figures, showing a 0.6 per cent seasonally adjusted increase in unemployment in July to 2.34m, gave only a partial picture.

The true level of unemployment was already well over 2.5m, he said, and would be around 3m by the end of the year, because the statistics excluded certain categories of jobless people.

The Government is trying to put an optimistic gloss on the latest unemployment statistics, which showed a rise in registered vacancies in July for the first time for eight months. Officials acknowledge, however, that the figures will continue to rise in coming months, to reach 2.5m by January 1985.

Trade union criticism of economic policies has been intensified by government-administered price rises on petrol and telephone charges during the summer. Those are hitting lower income groups particularly hard.

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accentuated bitterness among workers who have accepted wage increases this year of well below the likely inflation rate of around 7 per cent.

Union discontent is also being sown by the steady rise in job cuts announced or expected in the car sector; the bankrupt Creusot-Loire engineering group, where the Government is still trying to salvage assets; and sections of nationalised industries.

A crucial question is the extent to which the Communist-led Confederation Générale du Travail trade union is trying to stir up factory protests when plants resume work in the next fortnight after summer shutdowns. After the departure of Communist ministers from the Government last month, the party has been stepping up sniping at government economic policy, but has stopped well short of calling for disruptive protest action.

As a sign that economic realities place clear limits on the unions' other big labour considerations emerged from talks with the management of the Citroën car group on Friday appearing mainly resigned to the company's plan for around 2,200 redundancies.

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THE LEX COLUMN Making a market in gilt-edged

In contrast to the vocal and often acrimonious debate over the future structure of London's equity market, discussion of the appropriate dealing mechanism for gilt-edged has been conducted in an atmosphere of studied calm. The London Stock Exchange's draft report on the subject has proved as controversial as a telephone directory, while last week's announcement that the Government Broker is to retire after two centuries of active service was greeted with rather more nostalgia than concern.

The broad outline of the proposed arrangements admittedly looks thoroughly sensible. As in the U.S., market makers will be registered with the central bank and, in return for specified privileges, will be required to make continuous prices and to employ a prudential level of capital. They will also be able to square their books through a closed circuit of inter-dealer-brokers acting exclusively as intermediaries between the market makers.

Broker/dealers will have no such privileges or obligations but, like the market makers, will be able to act either as agent or principal, or both, as they choose. In contrast to the U.S., all participants will need to be stock exchange members. Although it is recognised that most institutional trades will take place over the telephone or monitor screen, obligatory stock exchange membership should provide a medium of investor protection, besides inhibiting market fragmentation.

Although most pieces of this well crafted jigsaw are now in place, the Bank of England and the stock exchange are still scratching their heads over where to put the rest. In particular, the Bank has yet to specify how many market makers it is

prepared to register, what capital ratios it will require and, most important of all, how it will strike the balance between the privileges and obligations of the market makers.

Most of that should be clarified in a Bank paper due for publication in late autumn. At that stage, the Bank will take soundings among prospective market makers, indicate roughly how many candidates it is prepared to accept and endeavour to ensure a balance between firms of different size, nationality and expertise.

In some areas, the Bank may try to make up the rules as it goes along. It will need, for example, to establish a definition of continuous market making but, in the early stages, will probably use the market share criterion applied by the Federal Reserve as only one of its yardsticks.

This rule is, in any event, easy enough to circumvent through vigorous dealing in short-dated and fairly risk-free instruments towards the end of an account. So, initially, it will probably keep an eagle eye on market makers' spreads to ensure that they are playing the game.

The Bank will, however, need to prescribe capital ratios in its autumn paper. Above all, it will have to address the more controversial question of last trade information. The argument in favour of a "tape" is broadly that it provides protection for investors, who can compare the price at which their bargain was dealt with a contemporaneous market quotation. Moreover, it is argued that U.S. experience shows the tape to enhance liquidity.

Whether that argument would apply in London, however, is open to doubt. A tape would in practice give broker/dealers a window on the supposedly confidential trading network between market makers and

IDBs. While the broker/dealer would not be able to judge the state of any individual market maker's book, he would see immediately the prices at which stocks were being dealt and would adjust his own quotations accordingly.

Liquidity In London, market makers may be vulnerable to the knock-on effect of price movements in Wall Street, after London has closed, while, because of the fairly immature state of the fixed-interest futures market in London, they will have less opportunity than their counterparts across the Atlantic to hedge their cash positions.

The IDB may, as a result, be the central medium through which the market maker limits his risk. If, however, the broker/dealer can see the prices at which the market maker is dealing, he will be able to quote on almost equal terms with the market maker without any corresponding obligation to make continuous prices. The upshot could be that liquidity drains away from the IDB circuit and that being a market maker becomes a somewhat unattractive proposition.

Nor is it apparent that the tape would provide any material investor protection. Many small investors will continue to deal through the floor of the exchange, with the existing single capacity protection, while there is no reason why a time-stamped contract note should not be compared with detailed stock exchange trading information published the following day.

The professional investor, meanwhile, can be expected to obtain the best prices by comparing market makers' quotations over the telephone. For the professional, it is reasonable to expect the principle of caveat emptor to apply.

Unions call on France to relax policies and cut unemployment

BY DAVID MARSH IN PARIS

THE FRENCH Government is coming under steadily mounting trade union pressure to relax its tough economic policies to stem rising unemployment and mitigate cuts in living standards.

Calls to tone down the austerity policy from trade unions - which have been relatively quiescent during the last 12 months of climbing job losses and cuts in real wages in industry - coincide with a period of uncertainty over the reshuffled Socialist Government's economic policies.

M. Pierre Berégovoy, Finance Minister, has made ambiguous statements in recent weeks about the key issue of whether continued economic "rigour" will entail still further cuts in workers' living standards.

In spite of the declared intention of M. Laurent Fabius, the Prime Minister, of continuing France's tough economic line, many observers believe M. Berégovoy may be less firmly wedded to austerity policies than his predecessor, M. Jacques Delors.

The latest call for a change in policy came at the weekend from M. André Gerégovoy, leader of the relatively moderate blue-collar workers' union Force Ouvrière. He

strongly criticised any further cuts in workers' purchasing power and said unemployment was reaching dangerous levels.

In a newspaper interview he said government figures, showing a 0.6 per cent seasonally adjusted increase in unemployment in July to 2.34m, gave only a partial picture.

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VW Golf is best selling car in Europe

By Kenneth Gooding in London

VOLKSWAGEN'S GOLF emerged as the best-selling car in Western Europe last year, with the Ford Escort close behind, according to an independent analysis by the Automotive Industry Data (AID) group.

No other Volkswagen model was in the top 10 but Ford featured with two other models: the Fiesta in seventh place and the Sierra, placed fourth. The high ranking achieved by the Sierra last year may be used as evidence by Ford that, although the car has its critics, it has by no means been a failure.

Another feature of the league table is that the Peugeot-Citroën-Talbot group was the only one of the leading six European car makers not to have a model in the list. That will almost certainly be rectified in 1984 by the sales success of the Peugeot 205.

AID's 1984 data yearbook, from which the table is drawn, also shows that Renault was the leading car producer in Western Europe

Table with 2 columns: Model, Sales. Lists top 10 cars: 1 Volkswagen Golf 442,293, 2 Ford Escort 433,793, 3 Opel Kadett 390,375, 4 Ford Sierra 356,578, 5 Renault RS 355,522, 6 Opel Ascona 347,457, 7 Ford Fiesta 333,465, 8 Fiat Uno 305,449, 9 Renault 16 292,748, 10 Fiat Ritmo 252,223

Source: Automotive Industry Data yearbook

last year, with an output of 1.64m and a 15.47 per cent share of the 10.6m total. Renault retained its prime position because in 1983 its output was 1.49m cars and its share 15.25 per cent.

Other leading rankings, with the 1983 performance in brackets, were: Peugeot-Citroën-Talbot, 1.44m and 13.6 per cent (1.34m and 13.71 per cent); Volkswagen-Audi, 1.30m and 13.06 per cent (1.39m and 14.16 per cent); Ford, 1.24m and 12.64 per cent (1.28m and 13.07 per cent); General Motors-Opel, 1.3m and 12.33 per cent (1.08m and 11.1 per cent); Fiat-Lancia, 1.15m and 10.92 per cent (1.07m and 10.95 per cent); Mercedes, 0.89m and 4.56 per cent (0.49m and 4.78 per cent); B1, 0.47m and 4.47 per cent (0.405m and 4.14 per cent); BMW, 0.4m and 3.84 per cent (0.38m and 3.71 per cent); Volvo, 0.35m and 3.34 per cent (0.3m and 3.08 per cent).

\*1984 Data Yearbook, Volume One: Passenger Cars in Western Europe ©30 from Automotive Industry Data, 24 St John St, Lichfield, Staffs, WS13 6PB.

European fast breeder research plan

Continued from Page 1

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World Weather

Table with 4 columns: Location, Temp, Wind, Rain. Lists weather for various cities like London, New York, Tokyo, etc.

Ferraro in spotlight

Continued from Page 1

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Look at Lovell  
FOR HOMES

IVECO  
International  
Truck Technology

## ENEL refinancing adds further Italian flavour to market

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

BANKERS who like to spend their summer holidays in Italy may have made a mistake this year. Italy itself has come to the market with a vengeance while they are away.

Last week another major refinancing was announced for ENEL, the state electricity board. This is ENEL's second such deal this month and the third for a leading Italian borrower. Added to the \$500m floating rate note launched two weeks ago by the Government itself these operations are giving August a peculiarly Italian flavour.

This time ENEL wants to refinance a \$750m credit raised in 1980 with a margin over U.S. prime of 1/4 per cent for the first four years rising to 1/2 per cent for the next four. In its place it is seeking a new eight-year deal with a margin over the higher of prime or certificate of deposit (CD) rates of 1/4 per cent for the first four years falling to zero for the last four.

A "cap" of 110 basis points is included in the terms which means that interest will be charged at CD rates plus the cap plus the margin if the CD rate falls more than 110 points below prime. Participants will receive a 1/4 per cent renegotiation fee and repayments are to begin after a grace period of six years.

At first eight bankers said on Friday that the terms seemed reasonably attractive. The impact of ENEL's move is mitigated by the fact that it will have prepaid \$250m of deal by the time the agreement is signed in October. Also, as with the recent refinancing for the state-owned IMI financing company, there was some relief that a lucrative prime element has been retained.

But ENEL's new deal has also confirmed fears that a flood of Italian refinancing might be on its way, especially since it comes at a time when the same borrower is meeting a very unenthusiastic response to its request to refinance a \$600m credit launched in 1978. That deal is now to bear a margin of only 1/4 per

cent over Eurodollar rates for 8 1/2 years.

The launch of so many operations all at once has awakened memories of the chaotic days before the Bank of Italy imposed a firm queue on Italian borrowers abroad. That spoiled the market some years ago and bankers fear the same could happen again.

Working in ENEL's favour, however, is the fact that the two operations were targeted at different types of bank. Large numbers of U.S. regional subscribers to the \$750m loan on which Bankers Trust is agent, while only one North American bank, Canadian Imperial Bank of Commerce, is in the \$600m credit.

Also, Italy has been a very low profile borrower this year and appetite has been building up in the market because of a scarcity of paper. This month has also seen a small \$70m deal for Mediocredito Centrale, led by Bank of America which is heavily oversubscribed.

Elsewhere Pakistan has awarded the mandate for its \$100m, five-year credit to Chase Manhattan Asia, Chemical Asia, Gulf International and Morgan Guaranty. The credit is to bear interest at a margin of 1/4 per cent over Eurodollars for the first year, rising to 1/2 per cent for the next three and then to 1 per cent for the last year. Repayments begin after a grace period of three years.

Expected soon is a large borrowing operation from the new Labour Government of New Zealand, while Malaysia is talking with bankers about a new loan expected to be for about £150m with a special tax-advantaged element providing tax advantages for UK lenders.

In Latin America the spotlight has shifted away from Argentina after the Government of President Raul Alfonsín repaid an advance of \$125m from leading bank creditors on Wednesday. Instead bankers are now concentrating on the continuing talks with Mexico and Venezuela.

## INTERNATIONAL BONDS

# Regan prolongs the guessing game

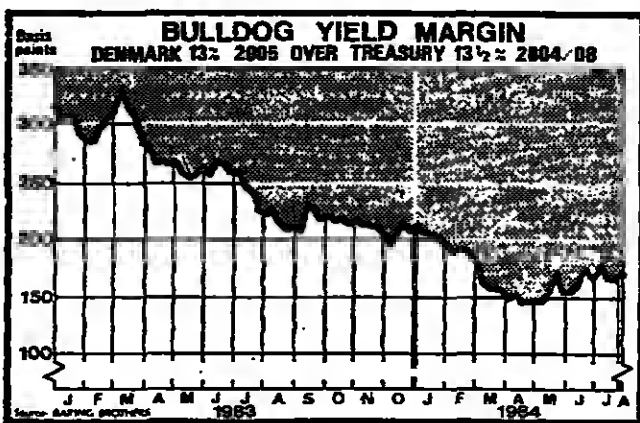
BY MAGGIE URRY IN LONDON

EUROBOND dealers will look back on this summer as the one they spent "waiting for the details" on U.S. bearer bonds. Mr Donald Regan, the U.S. Treasury Secretary, did little to relieve the tension in his statement last Thursday - only making clear what most of them expected, that the Government and its agencies would not issue bearer bonds and companies would issue them without the fuss of using an offshore subsidiary.

So the market ended the week hoping that the regulations to be published this week will finally answer their questions. "The market is in such a muddle it doesn't know whether it's coming or going" one trader said.

Investors are still cagey about the proposed special registration procedure to be applied to the parts of Treasury issues to be aimed at Europe. Those who would rather not give the U.S. Treasury their names might not trust a securities firm with the information. "Until I see those certification procedures I can't say whether the Europeans will buy U.S. Treasuries", a new issue manager said.

The Eurodollar bond market has suffered a confusing week, trying to keep pace with the swings in the



New York bond market - inspired by Mr Regan and a host of economic news - despite the time difference. What happened in the morning - as a result of overnight influences from New York - could easily be reversed in the afternoon if New York's mood changed by its opening. On balance fixed-rate issues closed the week about 1/4 to 1 point lower, with professionals doing most of the dealing.

The pace of new issues has slackened, though by no means ground to a halt. Some have been good, others not so good. Friday's crop of three from the World Bank, Bear Stearns and Wells Fargo sold slowly, hovering just inside the total fees.

Wells Fargo's floater was "priced too tight" said dealers, some of whom seem to have gone short of the issue, while Bear Stearns' name, even with the backing of a surety bond from AAA Aetna Life & Casualty, is still suffering from the scandal surrounding its former head trader in London.

Meanwhile the recent equity-

linked issue from Beatrice Foods is floundering at a 4 1/2 point discount to its par issue price. Dealers said the 10 1/2 per cent coupon was too low, with the warrant to convert into share at nearly 30 per cent above the current price not enticing enough to make up the difference.

The World Bank has been a prolific borrower in the Euromarkets. Its Eurodollar issue on Friday completed a clean canasta of currencies borrowed in recent weeks. This should not be regarded as unusual given the World Bank's borrowing programme.

Mr Eugene Rotherg, World Bank treasurer, said that in the fiscal year to June 1985 the Bank would borrow \$11bn-\$12bn in various currencies compared with \$10bn in 1983-84. Of the total about \$9bn will be raised in the fixed rate markets. The recent issues were "well within the range of what we normally do," he said.

The World Bank certainly found the sterling market an attractive one to borrow in last week. Its bull-dog issue was priced at a mere 85 basis points over the reference gilt-edged stock - the finest margin seen in recent times, and 15 basis points lower than the issue made in

BNF Bank bond average	
August 17	Previous
99.582	99.430
High	1984
100.009	98.056

## Charter Company losses at \$646m

By William Hall in New York

CHARTER COMPANY, the Florida-based oil refining and insurance group which filed for protection under Chapter 11 of the U.S. bankruptcy code in April, has reported a second-quarter loss of \$610.1m after provisions of \$500m for the sale of the main part of its business.

At the end of 1983 Charter had shareholders' funds of \$614.1m. It is the second big marketer of single-premium deferred annuities - a form of tax shelter - to run into difficulties. Its losses compare with Baldwin-United's net nine-month loss of \$674.1m in 1983.

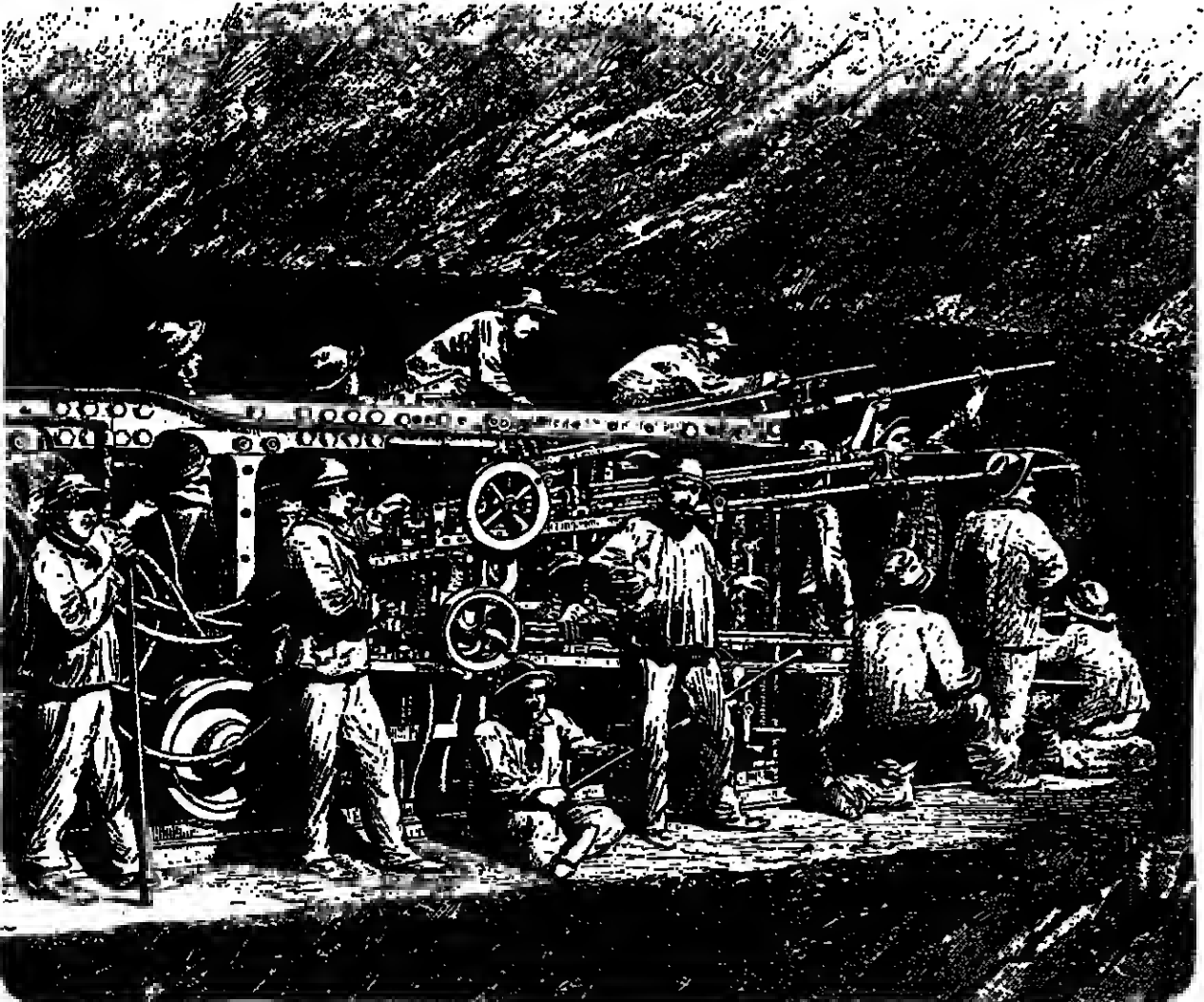
Charter's difficulties were brought to a head when its oil refining and marketing operations suffered an "unanticipated and severe loss of trade credit in early April."

For the first six months of 1984, the net loss reached \$646.3m or \$39.27 a share after \$566.5m of provisions. The company, which earned \$53.9m on revenues of \$5.7bn in 1983, says the provisions are subject to adjustment.

## NEW INTERNATIONAL BOND ISSUES

Borrowers	Amount m.	Maturity	Average life years	Coupon %	Price	Lead Manager	Offer yield %	Borrowers	Amount m.	Maturity	Average life years	Coupon %	Price	Lead Manager	Offer yield %
<b>U.S. DOLLARS</b>								<b>U.S. DOLLARS</b>							
Wagon Works \$1	60	1999	15	4	100	Nikko Saca, Mitsubishi	4.800	Marine Midland ††	125	1996	-	1/4(a)	100	Lehman Brothers Int.	-
Bank Leu ††	40	1989	5	7 1/4	100	UBS	7.750								
Optec Dal-Idi Bank \$	30	1999	15	3 1/4	-	Yanacich International	-	<b>D-MARKS</b>							
Abadi Bank of Kuwait ††	50	1992	8	1/4	100	Merrill Lynch	-	World Bank †	300	1994	10	8 1/2	100	Deutsche Bank	8.125
E.I.R. †	200	1996	8.5	13	100	Deutsche Bank, BNP, CSFB, Morgan Guaranty, Salomon Bros., SBCL, UBS (seas), S. G. Warburg	13.000	Municipal Telephone Co. Furum Denmark ††	28	1991	7	8 1/2	100	Deutsche Bank	8.375
								<b>SWISS FRANCS</b>							
Medina Bank †	100	1987	3	13	100 1/2	Lehman Bros. Int., CSFB, Gokhale Sachs	12.789	Total †	80	1994	-	5 1/2	100	CS	5.875
Swedish Export Credit †	250	1994	10	8	32.35	Deutsche Bank, Morgan Guar.	-	Yokoi Kasabashi †††	28	1989	-	3 1/2	100	Barque Paribas Suisse	3.250
Global Leasing †	30	1988	5	13	100 1/4	Deutsche Bank, Citicorp, Tokyo Mabu (Lux)	12.788	Mitsubishi Plastics ††	60	1989	-	2 1/2	100	SBC	-
								Wang S †††	200	1989	-	4 1/2	100	First Chicago	4.750
Koninklijke Photo Industrie's	50	1999	15	(4)	-	Nikko Saca (Europe)	-	ESCOR †††	100	1990	-	6 1/2	100	CS	6.427
World Bank †	200	1994	10	12 1/2	100	Deutsche Bank, CSFB, Merrill Lynch, Morgan Guar., Salomon Bros., SBCL, UBS	12.875	Nagatsukiye †††	70	1989	-	6	100	UBS	6.080
								<b>STERLING</b>							
Bear, Stearns †	60	1989	5	13	100	Morgan Guar., Bear, Stearns Int., CSFB, Samuel Montagu, UBS	13.000	World Bank †	100	2003	19	11 1/2	99.161	Baring Bros.	11.61
Wells Fargo Int. Fin. ††	150	1994	10	1/2(a)	100	Morgan Stanley, Goldmans Sachs	-	<b>GUILDFERS</b>							
								World Bank †	300	1994	10	8 1/2	100	ABN	8.750

\* Not yet priced. † Final target. \*\* Placement. †† Convertible. ††† Floating rate note. † Indicated coupon. (a) Coupon spread over 6-month Libor. Note: Yields are calculated on ABB basis.



Sommelier's compressed air rock drilling machine revolutionised tunnelling techniques and made possible the 7.5 miles Mt. Cenis Tunnel, which was officially opened in 1871. It was the first to break through the Alpine barrier. No less indispensable was the financial vision of those who arranged the funding of this 14-year project, which cost £3 million.

## FINANCIAL ENGINEERING

The problems solved by the financial engineer are related to financial, not physical, stresses. Putting together the package most appropriate to a particular company's funding needs calls for financial engineering skills of a high order. It is skills such as these that lie behind the range of merchant banking services offered by European Banking, Corporate finance. Project finance. Capital market services. Foreign exchange and money market operations. Corporate and private portfolio management.

## European Banking

European Banking Company Limited, 10 Devonshire Square, London EC2M 4HS. Telephone: 01-621 0101 Telex: 8811001  
European Banking Company S.A. Brussels, Boulevard du Souverain 100, B-1170 Brussels. Telephone: (02) 660 49 00 Telex: 23846

All of these securities having been sold, this announcement appears as a matter of record only.

New Issue / August, 1984

# \$100,000,000

## Republic of Finland

### 13 1/4% Bonds Due 1994

The Bonds are unconditional, direct and general obligations of Finland for the payment and performance of which the full faith and credit of Finland is pledged.

**Salomon Brothers Inc**  
The First Boston Corporation  
Goldman, Sachs & Co.  
Merrill Lynch Capital Markets

**Bank of Helsinki Ltd.**  
Kansallisen-Osake-Pankki  
Postipankki  
Union Bank of Finland Ltd.

**Lehman Brothers** (Incorporated)  
Morgan Stanley & Co. (Incorporated)  
Smith Barney, Harris Upham & Co. (Incorporated)  
Bear, Stearns & Co. (Incorporated)

**ABD Securities Corporation** (Incorporated)  
Atlantic Capital Corporation  
Becker Paribas (Incorporated)  
Dillon, Read & Co. Inc. (Incorporated)  
Donaldson, Lufkin & Jenrette Securities Corporation (Incorporated)  
Kidder, Peabody & Co. (Incorporated)

**Drexel Burnham Lambert** (Incorporated)  
E. F. Hutton & Company Inc. (Incorporated)  
Lazard Frères & Co. (Incorporated)  
PaineWebber (Incorporated)  
Prudential-Bache Securities (Incorporated)

**L. F. Rothschild, Unterberg, Towbin** (Incorporated)  
Swiss Bank Corporation International Securities Inc. (Incorporated)  
Wertheim & Co., Inc. (Incorporated)

**UBS Securities Inc.** (Incorporated)  
Yamaichi International (America), Inc. (Incorporated)  
Daiwa Securities America Inc. (Incorporated)

**Dean Witter Reynolds Inc.** (Incorporated)  
EuroPartners Securities Corporation (Incorporated)  
Robert Fleming (Incorporated)  
Hambros Bank Limited (Incorporated)

**Citicorp Capital Markets Group** (Incorporated)  
Kleinwort, Benson (Incorporated)  
The Nikko Securities Co. International, Inc. (Incorporated)  
Nomura Securities International, Inc. (Incorporated)  
Sogen Securities Corporation (Incorporated)

**OKOBANK Osuuspankki Keskuspankki Oy** (Limited)

**Skopbank** (Limited)















AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

Closing prices August 17

Table of American Stock Exchange Composite Closing Prices for August 17, 1984. Columns include stock symbols, prices, and changes. Includes sub-sections for various sectors like Energy, Chemicals, and Technology.

Continued on Page 14

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Table of New York Stock Exchange Composite Closing Prices. Columns include stock symbols, prices, and changes. Includes sub-sections for various sectors like Energy, Chemicals, and Technology.

Notes and footnotes regarding the data, including information on dividends and stock splits.

FINANCIAL TIMES EUROPE'S BUSINESS NEWSPAPER. Staying in Paris? Complimentary copies of the Financial Times are now available to guests staying at the following hotels in Paris: George V, Hotel de Crillon, Lancaster, Grand Hotel Westminster, Meridien, Sofitel Bourbon, Grand Hotel Meurice-Lotz, Warwick, Montparnasse Park, Intercontinental, Royal Monceau, P.I.M. Only Commodore/Sofitel Paris.



WORLD STOCK MARKETS

OVER-THE-COUNTER

Nasdaq national market, Closing prices, August 17

Table of Nasdaq national market closing prices for August 17, listing various stocks and their prices.

CANADA

TORONTO

Closing prices August 17

Table of Toronto stock market closing prices for August 17, listing various Canadian stocks.

AUSTRIA

Table of Austria stock market closing prices for August 17.

NETHERLANDS

Table of Netherlands stock market closing prices for August 17.

HONG KONG

Table of Hong Kong stock market closing prices for August 17.

SWITZERLAND

Table of Switzerland stock market closing prices for August 17.

SOUTH AFRICA

Table of South Africa stock market closing prices for August 17.

SPAIN

Table of Spain stock market closing prices for August 17.

JAPAN

Table of Japan stock market closing prices for August 17.

AUSTRALIA

Table of Australia stock market closing prices for August 17.

BELGIUM/LUXEMBOURG

Table of Belgium/Luxembourg stock market closing prices for August 17.

DENMARK

Table of Denmark stock market closing prices for August 17.

GERMANY

Table of Germany stock market closing prices for August 17.

SWEDEN

Table of Sweden stock market closing prices for August 17.

SINGAPORE

Table of Singapore stock market closing prices for August 17.

NORWAY

Table of Norway stock market closing prices for August 17.

MONTREAL

Table of Montreal stock market closing prices for August 17.

FRANCE

Table of France stock market closing prices for August 17.

AMERICAN STOCK EXCHANGE CLOSING PRICES

Table of American Stock Exchange closing prices for August 17, listing various US stocks.

FINANCIAL TIMES advertisement for subscription services, listing various international cities and contact information.

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CONSTRUCTION CONTRACTS

£10m of work for R. M. Douglas

A STRING of contracts across the country totalling £10m has been awarded to R. M. DOUGLAS CONSTRUCTION.

The £1.25m contract list in the South is headed by a £500,000 junction layout alteration of the A412 Rickmanworth Road at Wippenhill and Ascot roads, Watford, including two roundabouts, roads and footpaths for the Standard Life Assurance Company, being part of its Cruden development.

At Highgate, London, Douglas is engaged in an advanced preparation contract worth £300,000 where 24 luxury homes will eventually be constructed.

The East Midlands region has received £2.5m of work, of which Jaguar Cars has contracted over £1.2m for two projects at its Coventry works. The first, worth about £800,000, for the re-roofing of No. 1 shop, entails the complete re-roofing and installation of a fire ventilation system to Bays 1-7; high-level internal redecoration to Bays 30-51; smoke screens to the whole of Shop No 1 (Bays 1-51); and external weatherproofing associated with the re-roofing. At the same time Douglas is building a two-storey laboratory and open-plan offices complex worth £200,000.

HIGGS AND HILL has received orders worth £5.8m. The Midlands region has won a £4.5m contract for the second phase of the George Eliot Hospital, at Heath End Road, Nuneaton. The contract, due for completion in late-1988 includes the construction of a two-storey hospital including a single-storey link, and the installation of new drainage to the new and existing hospitals.

It will provide accommodation for an X-ray department, a medical records department, adult acute ward, a pathology department, circulation space and plant room covering 4,557 sq metres.

The COSTAIN GROUP has won contracts worth around £5.8m. Nestor-Costain Process Company, the Saudi Arabian operating company of the UK's Costain Process has been awarded the construction of a 50,000 tonnes per year capacity lube oil blending plant in Jeddah by the local joint venture company Saudi Arabian Markets and Shell Lubricants Co (SASLUBCO). The contract is valued at around £3.5m and is due for completion in June 1985.

Costain Construction, Rickmansworth, has won a £1.4m contract to build a regional secure unit at Ealing Hospital in Southall, Middlesex, for the North West Thames Regional Health Authority.

The building will have partly one and partly two storey and will have a floor area of around 1,950 sq metres. Work includes design and construction of timber roof trusses to gather with external works. The 87-week contract is due for completion in early 1988.

The BRAZIER GROUP of Southampton has been awarded contracts worth over £4m. They include offices and production area for Hummerprint in Eastleigh worth £500,000, a £900,000 regional office in Southampton for the Ancient Order of Foresters and a £200,000 DIY centre in Bournemouth for B&Q.

The group has also secured a £1.5m contract to convert Stoneham Rectory near Southampton into offices for Conder Midlands.

The SHAND GROUP, Matlock, has won a £3.8m contract as part of the refurbishment and conversion of Gibraltar's naval dockyard for commercial operations. For Gibraltar Ship Repairs, completion of

the No. 1 dock area contract is expected by April 1985, when the dockyard will commence full commercial operations. Work will include demolition of buildings and dock and wharfside cranes. At No. 1 dock, the wall and floors will be subject to major alterations. Shand will construct keel and bilge blocks for all three docks, replace existing dockyard trackwork and construct foundations and trackwork on the main wharf and south mole.

New bollard and fender points will be constructed on the south mole; the gun wharf and slipway areas will be refurbished. During the contract which Shand hopes to complete ahead of schedule over 15,000 cu metres of concrete and more than 500 tonnes of reinforcing bar will be used.

A £1.2m contract to renovate offices and to build an extension to Leslie House, Poole, Dorset, has been awarded to TAYLOR WOODROW CONSTRUCTION. The order has been placed by Taylor Woodrow Property Co and work is due for completion in August 1985. The project involves conversion of 1,740 sq metres of en-

Bryant construction Quality construction and refurbishment

closed offices on the upper floors of Leslie House into open plan space. An extension of 880 sq metres will provide ground floor parking and four floors of offices. SINDALL CONSTRUCTION has started work on the following: Great Surrey House, Blackfriars Road, SE1, for William Sindall (Blackfriars Development) for completion in August 1985 (value £1.7m); extension to Northminster House, Peterborough, for the House of Orange Development, Harrogate for completion in April 1985 (value £215,000). EDMUND NUTTALL has been awarded the next stage of the Eastern Dock compound extension by Dover Harbour Board with a £1.5m paving contract. As its retaining wall contract nears completion Nuttall is preparing to start work on the concrete block paving of 4.23 hectares of reclamation and the installation of associated services.

LANDSVIRKJUN THE NATIONAL POWER COMPANY ICELAND ¥5,000,000,000 FIXED RATE LOAN

OVER-THE-COUNTER

Table with columns: Stock, Sales (thous), High, Low, Last, Chng. Lists various stocks like BHP, Anglo, etc.

Table with columns: Stock, Sales (thous), High, Low, Last, Chng. Lists various stocks like Shell, BP, etc.

Table with columns: Stock, Sales (thous), High, Low, Last, Chng. Lists various stocks like USU, etc.

THE CHYODA MUTUAL LIFE INSURANCE COMPANY THE CHUO TRUST AND BANKING COMPANY, LIMITED

TRANS-NATAL COAL CORPORATION LIMITED (Incorporated in the Republic of South Africa)

Indices NEW YORK GOW, JONES 1984

NEW YORK ACTIVE STOCKS Change

1918 "Taisho Marine" 1984 Message from President Takuro Ishikawa

BALANCE SHEET (as of 31st March, 1984)

TAISHO MARINE AND FIRE INSURANCE COMPANY, LIMITED TOKYO, JAPAN



AUTHORISED UNIT TRUSTS

Abney Unit Tr. Mgrs. (a) 11 St Paul's Churchyard, EC4A 0EP

Table listing various unit trusts and their performance metrics, including columns for name, value, and change.

ALLEN HOME

Table listing unit trusts under the 'ALLEN HOME' category.

ALLIED UNIT TRUSTS LIMITED

Table listing unit trusts under the 'ALLIED UNIT TRUSTS LIMITED' category.

ARLINGTON SECURITIES LTD

Table listing unit trusts under the 'ARLINGTON SECURITIES LTD' category.

ATLANTA UNIT TRUST MANAGERS LTD

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ATLANTIC UNIT TRUST MANAGERS LTD

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ATLANTIC INVESTMENT MANAGERS LTD

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FT UNIT TRUST INFORMATION SERVICE

Key Fund Managers Ltd (a) 57-63 Princess Street, Manchester M2 4EQ

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F.T. CROSSWORD PUZZLE No. 5,496

ACROSS

- 1 Typical agent (14)
10 Scotsman accepts bill for burquandy (5)
11 The type of occupation to make one 12 (9)
12 Loaded with work by rubber tree—not disheartened (7)
13 Choose artist for Orestes' sister (7)
14 S tile without one right antelope (15)
15 Enlaced devil, eg. in manœuvre (9)
16 Predominant before girl goes to kind of specialist (9)
17 Heraldic lions drawn by soldier boy (5)
18 Tip with cash perhaps to get lamellar (7)
19 Is he with cow trained for this performance? (5-4)
20 ... or is a lamb cooked delicious? (8)
21 A pundit tomorrow is inwardly the same (5)
22 Congress's elderly misogynist's (3, 3, 8)

DOWN

- 2 To inspire points to bravery (9)
3 Have a wash by river in Home Counties (5)
4 Game for recluse (8)
5 Hotel in French resort has rooms (5)
6 Reusing could be rude (8)
7 Wardsworth's boy is a block-head (5)
8 A hoolier ... twinkles in the grass (Tennyson) (7)
9 Place bet and single member won we hear (6)
10 On this list you're late! (5-4)
11 Expressing ill-will by organising elevit (18)
12 To Elgar the endless movement is somewhat slow (11)
13 Go by hill dweller walking

Grid for crossword puzzle with numbers 1-29.

The solution in last Saturday's prize puzzle will be published with names of winners next Saturday.

Handwritten signature or note at the bottom of the page.



INSURANCE, OVERSEAS & MONEY FUNDS

Table of insurance and overseas funds including Liberty Life Assurance Co Ltd, National Provident Institution, and various international investment funds.

Table of insurance and overseas funds including Sava & Prager Group, Target Life Assurance Co Ltd, and various international investment funds.

Table of insurance and overseas funds including GAI Investments (UK) Ltd, Brinkley Henderson Mgmt Ltd, and various international investment funds.

Table of insurance and overseas funds including Mayne Midland (CI) Ltd, Midland Bank Tr. Corp. (Jersey) Ltd, and various international investment funds.

OFFSHORE AND OVERSEAS

Table of offshore and overseas funds including Ashlands Investment Fund SA, Fidelity International, and various international investment funds.

Money Market Trust Funds

Table of Money Market Trust Funds including Marlfield Ltd, The Money Market Trust, and various international investment funds.

Money Market Bank Accounts

Table of Money Market Bank Accounts including Alliance Home, Bank of Scotland, and various international investment funds.

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INDUSTRIALS—Continued

Table of industrial stocks including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price, last price, and percentage change.

LEISURE—Continued

Table of leisure stocks including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price, last price, and percentage change.

PROPERTY—Continued

Table of property stocks including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price, last price, and percentage change.

INVESTMENT TRUSTS—Cont.

Table of investment trusts including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price, last price, and percentage change.

OIL AND GAS—Continued

Table of oil and gas stocks including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price, last price, and percentage change.

SATAMA BANK advertisement with logo and contact information: INTERNATIONAL BANKING HEADQUARTERS, Tel: 0203 220-2611.

MINES—Continued

Table of mining stocks including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price, last price, and percentage change.

INSURANCES

Table of insurance stocks including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price, last price, and percentage change.

PAPER, PRINTING ADVERTISING

Table of paper, printing, and advertising stocks including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price, last price, and percentage change.

SHIPPING

Table of shipping stocks including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price, last price, and percentage change.

SHOES AND LEATHER

Table of shoes and leather stocks including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price, last price, and percentage change.

OVERSEAS TRADERS

Table of overseas traders stocks including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price, last price, and percentage change.

PLANTATIONS

Table of plantation stocks including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price, last price, and percentage change.

LEISURE

Table of leisure stocks including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price, last price, and percentage change.

PROPERTY

Table of property stocks including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price, last price, and percentage change.

TRUSTS, FINANCE, LAND

Table of trusts, finance, and land stocks including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price, last price, and percentage change.

OIL AND GAS

Table of oil and gas stocks including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price, last price, and percentage change.

FINANCE

Table of finance stocks including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price, last price, and percentage change.

REGIONAL & IRISH STOCKS

Table of regional and Irish stocks including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price, last price, and percentage change.



# CURRENCIES; MONEY and CAPITAL MARKETS

## FOREIGN EXCHANGES

### Economic slowdown hits dollar

BY COLIN MILLHAM

There was some sign of the foreign exchange market beginning to settle down last week after a confused period. The general trend in statistics did little to argue with the growing conviction that the rate of U.S. economic growth is slowing down. This tended to improve confidence in the credit markets and depress the dollar.

As the week began a level above DM 2.93 still looked possible for the dollar, but it soon became clear the currency could not even hold the DM 2.90 level, and despite the occasional rally was gradually adding lower levels. Resolution passed by the U.S. Senate aimed at preventing the sale of U.S. Government paper in bearer form to foreigners

to support the dollar on fears that it may cause higher interest rates.

News later in the week that the U.S. Treasury intends to issue specially registered Government securities for sale to foreigners had a slightly confusing impact however. Sales of U.S. Government debt to foreigners should help to stem any move towards higher interest rates, but it also likely to generate increased demand for the dollar, so the net result tended to underpin the currency.

This was not enough to prevent the dollar from losing ground, while the foreign exchange changes chose to ignore a surprisingly high rise of \$5.2bn in weekly U.S. M1 money supply. Both M2 and M3 remained well

technical, and not a sign of tighter monetary policy.

A fall in housing starts announced Thursday helped to convince traders the pace of U.S. economic growth is slowing. There was a slight rally on Friday, but even this was tempered by renewed fears about liquidity problems among U.S. banks, and the week finished with the market still looking for a lower dollar.

### f in New York

On Tuesday the U.S. unit fell sharply following a fall of 0.9 per cent in July retail sales, against market expectations of an increase in the region of 0.5 per cent, and this set the tone for the rest of the week.

A rise of 0.9 per cent in July industrial production was towards the top of expectations, but failed to generate any strong support for the dollar, while intervention by the Federal Reserve to drain reserves from the banking system on Tuesday and Wednesday was regarded as

### THE POUND SPOT AND FORWARD

Aug 17	Day's spread	Close	One month	% Three months	% Six months
U.S.	1.3198-1.3200	1.3220-1.3230	0.10-0.16c dia	-1.08	0.65-0.81c
Canada	1.2121-1.2220	1.2220-1.2240	0.20-0.30c dia	-1.74	0.75-0.88c
Norway	2.874-2.874	2.874-2.874	1.15c pm	-0.57	0.47-0.74
Denmark	76.10-76.10	76.10-76.10	1.15c pm	-0.57	0.47-0.74
Swedish	13.78-13.82	13.78-13.82	7.80c pm-25 dia	0.17	0.80-1.00c
Japanese	1.2240-1.2240	1.2240-1.2250	0.15-0.20c dia	-2.20	0.85-0.90c
W. Ger.	3.764-3.764	3.774-3.784	1.15c pm	-0.33	0.41-0.49
Portugal	197.20-199.00	197.20-198.15	215-220c dia	-20.30	525-1200c
Spain	215.30-215.30	215.30-215.30	8-8.50c dia	-2.20	0.85-0.90c
Italy	2.322-2.322	2.322-2.322	8-8.50c dia	-3.34	2.22-2.22c
Norway	10.85-10.91	10.85-10.90	1.20c dia	-1.85	5.10-6.20c
France	11.27-11.27	11.27-11.27	1.20c dia	-1.85	5.10-6.20c
Sweden	10.85-11.01	10.85-10.90	1.20c dia	-1.85	5.10-6.20c
Switzerland	2.71-2.71	2.71-2.71	1.20c dia	-1.85	5.10-6.20c
Austria	26.20-26.20	26.20-26.20	1.20c dia	-1.85	5.10-6.20c
Switz.	0.133-0.133	0.133-0.133	1.15c pm	0.43	0.41-0.49

Belgian rate is for convertible francs. Financial Times 77.10-77.20. One month forward dollar 1.05. 12 month forward dollar 2.52-2.46 dia. 1 August 16-The rates should have read 210.25-210.80 (spread). 210.40-210.80 (close).

### OTHER CURRENCIES

Aug. 17	£	DM	DM Rates
Argentina Peso	80.47-80.63	80.40-80.55	80.40-80.70
Australia Dollar	1.5485-1.5510	1.5485-1.5510	1.5485-1.5510
Brazil Cruzeiro	6,000.0-6,000.0	6,000.0-6,000.0	6,000.0-6,000.0
Canada Dollar	1.3198-1.3200	1.3198-1.3200	1.3198-1.3200
Denmark	76.10-76.10	76.10-76.10	76.10-76.10
France	11.27-11.27	11.27-11.27	11.27-11.27
Germany	1.3198-1.3200	1.3198-1.3200	1.3198-1.3200
Hong Kong Dollar	10.00-10.00	10.00-10.00	10.00-10.00
India Rupee	10.00-10.00	10.00-10.00	10.00-10.00
Iran Rial	10.00-10.00	10.00-10.00	10.00-10.00
Italy Lira	2.322-2.322	2.322-2.322	2.322-2.322
Japan Yen	1.2240-1.2240	1.2240-1.2240	1.2240-1.2240
Malaysia Ringgit	1.00-1.00	1.00-1.00	1.00-1.00
Netherlands Guilder	1.00-1.00	1.00-1.00	1.00-1.00
New Zealand Dollar	1.00-1.00	1.00-1.00	1.00-1.00
Norway Krone	10.85-10.91	10.85-10.90	10.85-10.90
Portugal Escudo	200.00-200.00	200.00-200.00	200.00-200.00
Spain Ptas	166.67-166.67	166.67-166.67	166.67-166.67
Sweden Krona	10.85-11.01	10.85-10.90	10.85-10.90
Switzerland Franc	2.71-2.71	2.71-2.71	2.71-2.71
Switzerland Franc	2.71-2.71	2.71-2.71	2.71-2.71
U.A.E. Dirham	1.00-1.00	1.00-1.00	1.00-1.00

\* Selling rate.

### EMS EUROPEAN CURRENCY UNIT RATES

Aug. 17	ECU	Central rate	Aug 17	% change	Aug 17	% change	Aug 17	% change
Belgian Franc	40.339	40.339	40.339	+0.77	23.567	23.567	23.567	23.567
Denmark Kroner	8.4566	8.4566	8.4566	+0.34	21.6425	21.6425	21.6425	21.6425
German Mark	2.24364	2.24364	2.24364	-0.18	21.6425	21.6425	21.6425	21.6425
French Franc	6.55957	6.55957	6.55957	-0.17	21.6425	21.6425	21.6425	21.6425
Dutch Guilder	2.52965	2.52965	2.52965	-0.17	21.6425	21.6425	21.6425	21.6425
Irish Punt	0.787564	0.787564	0.787564	-0.08	21.6425	21.6425	21.6425	21.6425
Italian Lira	1.936	1.936	1.936	-0.08	21.6425	21.6425	21.6425	21.6425

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

### EXCHANGE CROSS RATES

Aug. 17	Aug. 17	Aug. 17	Aug. 17	Aug. 17	Aug. 17	Aug. 17	Aug. 17	Aug. 17	Aug. 17
Pound Sterling	1.333	1.333	1.333	1.333	1.333	1.333	1.333	1.333	1.333
U.S. Dollar	0.758	0.758	0.758	0.758	0.758	0.758	0.758	0.758	0.758
Deutsche Mark	0.664	0.664	0.664	0.664	0.664	0.664	0.664	0.664	0.664
Japanese Yen	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
French Franc	6.56	6.56	6.56	6.56	6.56	6.56	6.56	6.56	6.56
Swiss Franc	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Dutch Guilder	2.53	2.53	2.53	2.53	2.53	2.53	2.53	2.53	2.53
Italian Lira	1.936	1.936	1.936	1.936	1.936	1.936	1.936	1.936	1.936
Canadian Dollar	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75
Belgian Franc	40.34	40.34	40.34	40.34	40.34	40.34	40.34	40.34	40.34

### EURO-CURRENCY INTEREST RATES (Market closing rates)

Aug. 17	3 months	6 months	9 months	12 months	15 months	18 months	21 months	24 months	30 months	36 months
Overnight	10 1/4	11 1/4	11 1/4	11 1/4	11 1/4	11 1/4	11 1/4	11 1/4	11 1/4	11 1/4
7 days	10 1/4	11 1/4	11 1/4	11 1/4	11 1/4	11 1/4	11 1/4	11 1/4	11 1/4	11 1/4
1 month	10 1/4	11 1/4	11 1/4	11 1/4	11 1/4	11 1/4	11 1/4	11 1/4	11 1/4	11 1/4
3 months	10 1/4	11 1/4	11 1/4	11 1/4	11 1/4	11 1/4	11 1/4	11 1/4	11 1/4	11 1/4
6 months	10 1/4	11 1/4	11 1/4	11 1/4	11 1/4	11 1/4	11 1/4	11 1/4	11 1/4	11 1/4
9 months	10 1/4	11 1/4	11 1/4	11 1/4	11 1/4	11 1/4	11 1/4	11 1/4	11 1/4	11 1/4
12 months	10 1/4	11 1/4	11 1/4	11 1/4	11 1/4	11 1/4	11 1/4	11 1/4	11 1/4	11 1/4
15 months	10 1/4	11 1/4	11 1/4	11 1/4	11 1/4	11 1/4	11 1/4	11 1/4	11 1/4	11 1/4
18 months	10 1/4	11 1/4	11 1/4	11 1/4	11 1/4	11 1/4	11 1/4	11 1/4	11 1/4	11 1/4
21 months	10 1/4	11 1/4	11 1/4	11 1/4	11 1/4	11 1/4	11 1/4	11 1/4	11 1/4	11 1/4
24 months	10 1/4	11 1/4	11 1/4	11 1/4	11 1/4	11 1/4	11 1/4	11 1/4	11 1/4	11 1/4
30 months	10 1/4	11 1/4	11 1/4	11 1/4	11 1/4	11 1/4	11 1/4	11 1/4	11 1/4	11 1/4
36 months	10 1/4	11 1/4	11 1/4	11 1/4	11 1/4	11 1/4	11 1/4	11 1/4	11 1/4	11 1/4

Asian 5 (closing rate in Singapore): Short-term 11 1/4-11 1/2 per cent seven days 11 1/4-11 1/2 per cent one month 11 1/4-11 1/2 per cent three months 11 1/4-11 1/2 per cent six months 12 1/4-12 1/2 per cent one year 12 1/4-12 1/2 per cent. Long-term Euro dollars: two years 12 1/4-12 1/2 per cent three years 12 1/4-12 1/2 per cent four years 12 1/4-12 1/2 per cent five years 12 1/4-12 1/2 per cent. Short-term rates are call for U.S. dollars and Japanese yen; others two days' notice.

### MONEY MARKETS

## Still the centre of attention

Interest rates continue to fall on the London money market last week and by the middle of the week were clearly indicating clearing bank base rates of 10 1/2 per cent.

At one time the market appeared to be looking for a cut of 1 per cent to 10 per cent to ease rates, but intervention by the Bank of England tended to dampen enthusiasm and slowed the pace of the interest rate decline.

Discount houses were obviously reluctant to sell high yielding paper outright to the Bank of England in support of lower interest rates, and apart from Friday when National Westminster Bank led the move to 10 1/2 per cent base rates preferred to part with their bills only temporarily.

Almost all bills were purchased for resale to the market at future dates, at a general rate of 11 per cent, but on Friday most bills were again bought outright as the market paused to consider the next move.

Sterling loan growth against Continental currencies on the prospect of lower London interest rates, but the continued mood of confidence to the market was boosted by the pound's strength

within the Federal Reserve's target range.

On Tuesday the U.S. unit fell sharply following a fall of 0.9 per cent in July retail sales, against market expectations of an increase in the region of 0.5 per cent, and this set the tone for the rest of the week.

A rise of 0.9 per cent in July industrial production was towards the top of expectations, but failed to generate any strong support for the dollar, while intervention by the Federal Reserve to drain reserves from the banking system on Tuesday and Wednesday was regarded as

technical, and not a sign of tighter monetary policy.

A fall in housing starts announced Thursday helped to convince traders the pace of U.S. economic growth is slowing. There was a slight rally on Friday, but even this was tempered by renewed fears about liquidity problems among U.S. banks, and the week finished with the market still looking for a lower dollar.

### FORWARD RATES AGAINST STERLING

Dollar	Spot	1 month	2 month	3 month	12 month
U.S.	1.3220	1.3220	1.3220	1.3220	1.3220
Canada	1.3198	1.3198	1.3198	1.3198	1.3198
France	6.5595	6.5595	6.5595	6.5595	6.5595
Germany	1.3198	1.3198	1.3198	1.3198	1.3198
Japan	1.2240	1.2240	1.2240	1.2240	1.2240

### BANK OF ENGLAND TREASURY BILL TENDER

Aug. 17	Aug. 10	Aug. 17	Aug. 10
Bills on offer	£100m	£100m	£100m
Total applications	£558m	£510m	£558m
Unsuccessful bids	£458m	£410m	£458m
Minimum	£97,000	£97,000	£97,000
Allotment at minimum level	70%	57%	70%

### THE DOLLAR SPOT AND FORWARD

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U.K.	1.3198-1.3200	1.3220-1.3230	0.10-0.16c dia	-1.08	0.65-0.81c
Canada	1.2121-1.2220	1.2220-1.2240	0.20-0.30c dia	-1.74	0.75-0.88c
Denmark	76.10-76.10	76.10-76.10	1.15c pm	-0.57	0.47-0.74
France	11.27-11.27	11.27-11.27	1.20c dia	-1.85	5.10-6.20c
Germany	1.3198-1.3200	1.3198-1.3200	1.20c dia	-1.85	5.10-6.20c
Italy	2.322-2.322	2.322-2.322	8-8.50c dia	-3.34	2.22-2.22c
Japan	1.2240-1.2240	1.2240-1.2240	1.20c dia	-1.85	5.10-6.20c
Norway	10.85-10.91	10.85-10.90	1.20c dia	-1.85	5.10-6.20c
Sweden	10.85-11.01	10.85-10.90	1.20c dia	-1.85	5.10-6.20c
Switzerland	2.71-2.71	2.71-2.71	1.20c dia	-1.85	5.10-6.20c
Switz.	0.133-0.133	0.133-0.133	1.15c pm	0.43	0.41-0.49

UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial Times 77.10-77.20.

### CURRENCY MOVEMENTS

Aug. 17	Bank of England	U.S. Dollar	U.S. Dollar	U.S. Dollar	U.S. Dollar	U.S. Dollar	U.S. Dollar	U.S. Dollar	U.S. Dollar
U.S. Dollar	1.3198	1.3198	1.3198	1.3198	1.3198	1.3198	1.3198	1.3198	1.3198
Canada	1.3198	1.3198	1.3198	1.3198	1.3198	1.3198	1.3198	1.3198	1.3198
France	6.5595	6.5595	6.5595	6.5595	6.5595	6.5595	6.5595	6.5595	6.5595
Germany	1.3198	1.3198	1.3198	1.3198	1.3198	1.3198	1.3198	1.3198	1.3198
Japan	1.2240	1.2240							